STATE OF CONNECTICUT

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For Fiscal Year Ended
June 30, 2008

Prepared by the Office of the State Comptroller

NANCY WYMAN
STATE COMPTROLLER

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Office of the State Comptroller

The State Comptroller is one of the six State officers elected to hold office for a term of four years. The office of the State Comptroller was established in 1786 by an act of the General Assembly. The Constitutional Amendment of 1836 provided that the Comptroller be elected by the people in a manner similar to that of other State officers. Since 1838 this method has been in effect.

The Comptroller prescribes the mode of keeping and rendering all public accounts. She is required to adjust and settle all public accounts and demands, excepting grants and orders of the General Assembly. The Comptroller also renders a monthly accounting of the State's financial condition.

In addition, the Comptroller approves and records all obligations against the State. She maintains all official accounting records and is responsible for the employee payrolls for all State agencies, departments, and institutions. Her office administers all Retirement Systems other than Teachers' retirement. Additionally, the Comptroller administers numerous miscellaneous appropriations of the State.

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Introductory Section

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STATE OF CONNECTICUT
OFFICE OF THE STATE COMPTROLLER
55 ELM STREET
HARTFORD, CONNECTICUT 06106-1775

NANCY WYMAN
COMPTROLLER

MARK OJAKIAN
DEPUTY COMPTROLLER

February 28, 2009

To the Citizens, Constitutional Executive Officers, and Members of the Legislative General Assembly of the State of Connecticut:

It is a privilege to present the State of Connecticut Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2008. This report was prepared in accordance with Generally Accepted Accounting Principles (GAAP) as prescribed by the Governmental Accounting Standards Board.

Even though much of this report must be written in a rather formal and technical manner, we hope we have designed it to help readers, without a specialized financial background, gain a reasonable understanding of the State's financial activities.

The State's largest governmental fund is the General Fund. This is the fund most often referred to in media reports about the state's fiscal health. Over three-quarters of all governmental financial transactions relating to the cost of providing State services and the collection of revenues to pay for those services occur within the General Fund.

Despite economic indicators that pointed to a slowing State and national economy during most of Fiscal Year 2008, revenues continued to exceed budget expectations throughout the year. General Fund revenue exceeded the initial budget projection by $103.2 million on a budgetary basis and grew by 3.2 percent overall totaling $16.2 billion.

General Fund expenditures grew by 22.7 percent in Fiscal Year 2008 to $17.9 billion. Over half of this percentage increase related to meeting long-term funding obligations of the Teachers' Retirement Pension System. Factoring out that increase, General Fund spending still grew at a healthy rate of over 9 percent.

In recent years when the State has realized a revenue windfall almost half of that amount has been reserved for future year spending and half is deposited to the Rainy Day Fund. To the extent that the windfall driven spending is used for debt reduction, debt avoidance or one-time items it does not create structural fiscal imbalances; however, an ever increasing share of the windfall in revenue has been used to support ongoing operating expenditures in the General Fund.

The practice of using revenue from prior years to fund current year operations was largely responsible for a $1.7 billion shortfall between General Fund revenues and expenditures in Fiscal Year 2008. The General Fund's total fund balance declined by $419.7 million leaving a remaining balance of $903.3 million. Of this balance $2 billion is legally reserved for specific spending purposes; therefore, the unreserved General Fund balance for Fiscal Year 2008 was actually negative by $1.1 billion. This is often referred to as the GAAP deficit and it must be considered with respect to the offsetting positive resources in the State's Rainy Day Fund.

No deposit was made to the State's Rainy Day Fund in Fiscal Year 2008. Between Fiscal Years 2004 and 2007 a total of $1,382 million had been deposited to the fund and at this writing that is the remaining balance. The balance equals approximately 8 percent of net General Fund appropriations for Fiscal Year 2009. The statutory target is 10 percent. Under current State law, the Rainy Day Fund can only be used to offset a General Fund budget deficit at the end of a fiscal year and thus it is legally restricted in use.

Major Policy Initiatives and Priorities

Teachers Retirement Funding

Authorization was provided (Public Act 07-186) for the issuance of $2 billion in General Obligation bonds to be deposited into the Teachers' Retirement System to reduce the long-term unfunded pension liability in that system. It is hoped that the earnings on the deposit to the fund will exceed the debt service cost thus improving the State's long-term fiscal position. The funded status of the system has improved from a funded ratio of 59.5% in 2006 to a current ration of 70%. This pass through expenditure is partially responsible for the large increase in General Fund spending in Fiscal Year 2008 as discussed above.

Health Care Initiatives

The Fiscal Year 2008 General Fund budget contained $323.1 million in additional funding for a variety of health care initiatives. These initiatives included $96.4 million in Medicaid rate increases to improve client access to providers within the system; $89 million for increased payments to nursing homes; and, $24.5 million for increased payments to managed care organizations.

Education Spending

The State increased education funding to municipalities through its largest education grant program known as the Education Cost Sharing Grant. Fiscal Year 2008 funding was expanded by $181.8 million to a total of $1.8 billion.

Favorable Independent Auditor Opinions

As a Connecticut Constitutional Officer, the State Comptroller is responsible for setting state-wide accounting practices. Ultimate responsibility for the accuracy, completeness,

and fairness of data presented in this CAFR, including all disclosures, rests with the State of Connecticut and my office. Connecticut statutes require an annual audit of the State's basic financial statements. These include statements prepared on the budgetary basis of accounting as well as statements prepared using GAAP -the basis of accounting that is generally accepted throughout the United States. The State is also required to undergo an annual "single audit" for reporting to the Federal government. To meet all of these requirements, the State Auditors of Public Accounts have examined our financial statements and the appropriate supporting documentation.

In conducting the examination, the State Auditors used auditing standards generally accepted in the United States and Government Auditing Standards issued by the Comptroller General of the United States in conformity with the provisions of the United States Office of Management and Budget's Circular A-133 -Audits of States, Local Governments and Non-Profit Organizations. Information related to the Federal single audit, including a schedule of federal financial assistance, the Comptrollers GAAP basis financial statements, the independent auditor's report on internal controls and compliance with applicable laws and regulations, and a schedule of findings and questioned costs, is included in a separately issued single audit report. The CAFR includes the auditor's report on the State's financial statements. The State auditors gave the CAFR for the State of Connecticut an *unqualified* or "clean" opinion indicating they can state, without reservation, that the financial statements are fairly presented in all material respects in conformity with GAAP.

Profile of the Government and its Safeguards

The Nutmeg State

Connecticut became the fifth state of the United States on January 9, 1788. Its borders encompass 5,009 square miles. Within its compact borders, Connecticut has forested hills, urban skylines, shoreline beaches, and historic village greens. There are classic Ivy League schools, modern expressways, corporate offices, and small farms. Connecticut is a thriving center of business as well as a vacation location. It is both a New England State, and suburban to New York City. The population of Connecticut was 3,501,252 in 2008 according to U.S. Census estimates. Five large cities, Bridgeport, New Haven, Hartford (the State Capitol since 1875), Stamford and Waterbury, have populations in excess of 100,000 residents.

State Government

Separation-of-Powers provisions of the State Constitution established the three branches of State government: executive, legislative and judicial. The executive branch, which is responsible for enforcing state laws, consists of six state executive officers: Governor, Lieutenant Governor, Treasurer, Comptroller, Secretary of State and Attorney General. All are elected to four-year terms.

Connecticut's General Assembly or legislative branch is responsible for creating new laws and consists of a Senate and a House of Representatives. There are currently 36

State Senators and 151 State Representatives. Members of the General Assembly are elected to two-year terms. Connecticut also elects two U.S. Senators and five U.S. Representatives.

The judicial branch is responsible for interpreting and upholding our laws as consistent with the State Constitution and legal precedence. The judicial branch consists of three levels: The Supreme Court, the Appellate Court and, at the lowest level, the Superior Court which is further divided by state law into Civil, Criminal, Housing and Family Divisions. Judges of the Supreme Court, the Appellate Court and the Superior Court are nominated by the Governor from a list of candidates submitted by the Judicial Selection Commission and are confirmed by the General Assembly. They serve eight-year terms and are eligible for reappointment.

The Reporting Entity

The State of Connecticut financial reporting entity includes all of the funds of the primary government and of its component units. The primary government includes all funds, agencies, departments, bureaus, commissions, and component units that are considered an integral part of the State's legal entity. Component units are legally separate entities for which the primary government is financially accountable. Discretely presented component units are reported separately in the government-wide financial statements, to emphasize that they are legally separate from the primary government and to differentiate their financial position and results of operations from those of the primary government. Other component units, although legally separate entities have their financial position and operations blended with the primary government, essentially for technical reasons as explained more fully in the additional information on the reporting entity which is included in CAFR -Note 1, Summary of Significant Accounting Policies.

Internal Controls

Our State's internal control structure has been established to ensure that the assets of the government are protected from loss, theft, or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in accordance with GAAP and State legal requirements. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management. The monitoring and maintenance of these internal controls are the responsibility of agency managers, directors of public benefit corporations, agency commissioners and elected officials. In addition, the government maintains extensive budgetary controls.

Budgetary Controls

The State Legislature prepares a bi-annual budget that contains estimates of revenues and expenditures for the ensuing two fiscal years. This budget is the result of negotiations between the Governor and the Legislature. Adjustments, in the form of budget revisions, executive orders, and financial legislation agreed to by the Governor and the Legislature,

are made to the annual appropriations throughout the fiscal year. Budgetary controls are maintained at the individual appropriation account level by agency and fund as established in authorized appropriation bills. The objective of these controls is to ensure compliance with state laws embodied in the appropriations. The State Comptroller is statutorily responsible for control structures to safeguard revenues due the primary government, to determine the amount equitably due with respect to claims made and to ensure such expenditures are compliant with an appropriation contained in the budget for such purpose.

Budgeted appropriations are the expenditure authorizations that allow state agencies to purchase or create liabilities for goods and services. Before an agency can utilize funds appropriated for a particular purpose, such funds must be allotted for the specific purpose by the Governor and encumbered by the Comptroller upon request by the agency. Such funds can then be expended by the Treasurer only upon a warrant, draft or order of the Comptroller drawn at the request of the responsible agency. The allotment process, which includes limits on the power of the Governor to modify appropriations, preserves expenditure controls over special revenue, enterprise, and internal service funds and capital projects that are not budgeted as part of the annual appropriation act as revised.

The Spending Cap

In November 1992, electors approved an amendment to the State Constitution providing that the amount of budgeted expenditures authorized for any fiscal year shall not exceed the estimated amount of revenue for such fiscal year. This amendment thus provided a framework for placing a cap on budgeted appropriations.

Annual budgeted appropriations are capped at a percentage increase that is based on either the five-year average annual growth in the state's personal income or annual inflation, whichever is higher. Debt service payments, certain statutory grants to distressed municipalities, and appropriations required by federal mandate or court order are excluded from the limits of the cap.

The spending cap can be lifted if the Governor declares the existence of extraordinary circumstances and the General Assembly by three-fifths vote approves appropriations in excess of the cap. This has occurred in almost every year that the State has posted a budget surplus in the General Fund to enable the appropriation of surplus dollars that would have otherwise gone to reduce state debt and fill the rainy day fund.

Economic Condition and Outlook

After almost eight years of solid economic growth, Connecticut began to experience job losses in Fiscal Year 2001. Between fiscal years 2001 and 2003 the state lost over 60,000 payroll jobs. After three successive years of job losses, in Fiscal Year 2004 the State again experienced gains in payroll employment and by the end of Fiscal Year 2007 had regained most of the jobs lost during the recession. The State experienced modest payroll employment growth in Fiscal Year 2008, adding just 6,000 new jobs. The State ended the fiscal year with an unemployment rate of 5.5 percent.

Over the past ten years Connecticut's total population has been stagnant or shrinking. The lack of population growth has resulted in slow labor force growth and fewer workers to support an aging population.

Connecticut continues to lead the nation with per capita income of $58,230, which is more than 40 percent above the national level. Connecticut's personal income rose at a rate of 3.5 percent in Fiscal Year 2008, well off of the recent historical growth of 6 percent. The slowing economic trends experienced in Connecticut in Fiscal Year 2008 were far worse nationally.

Like most other states, Connecticut is projecting significant declines in state revenues over the next several years due to the economic crisis that is gripping the nation. At this writing policy makers are struggling to balance the State budget while not implementing policies that will worsen the long-term prospects for recovery.

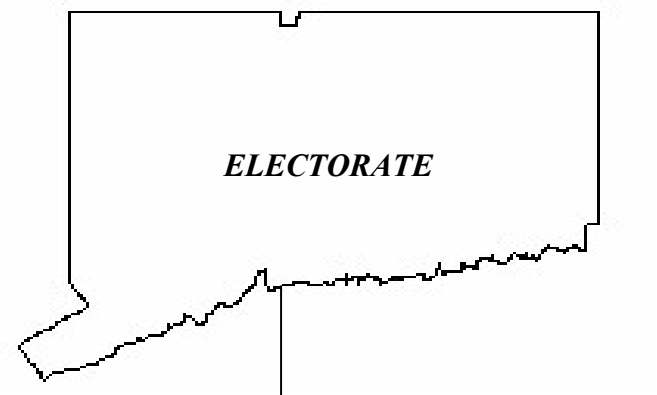
Acknowledgements

I want to thank my staff and all of the agency personnel and others who contributed to producing this report. I also want to thank its readers who bring meaning to the work that we do.

Sincerely,

Nancy Wyman
Connecticut State Comptroller

Organization Chart



JUDICIAL BRANCH

Supreme Court
Appellate Court
Superior Court

EXECUTIVE BRANCH

Governor
Lieutenant Governor
Secretary of State
Treasurer
Comptroller
Attorney General

LEGISLATIVE BRANCH

Senate
House of Representatives
Auditors of Public Accounts
Legislative Management

- General Government Agencies
- Regulatory Agencies
- Health Agencies
- Judicial Agencies
- Correctional Agencies
- Legislative Agencies
- Natural Resource and Recreation Agencies
- Transportation Agency
- Educational Agencies
- Human Resource Agencies

Selected State Officials (as of June 30, 2008)

EXECUTIVE

M. Jodi Rell
Governor

Michael Fedele
Lieutenant Governor

Susan Bysiewicz
Secretary of State

Denise L. Nappier
Treasurer

Nancy Wyman
Comptroller

Richard Blumenthal
Attorney General

JUDICIAL

Chase T. Rogers
Chief Justice

LEGISLATIVE

Donald E. Williams Jr.
President Pro Tempore of the State Senate
(36 Senators)

James A. Amann
Speaker of the House of Representatives
(151 Representatives)

Financial Section

STATE OF CONNECTICUT

AUDITORS OF PUBLIC ACCOUNTS

KEVIN P. JOHNSTON

STATE CAPITOL
210 CAPITOL AVENUE
HARTFORD, CONNECTICUT 06106-1559

ROBERT G. JAEKLE

INDEPENDENT AUDITORS' REPORT

Governor M. Jodi Rell
Members of the General Assembly

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the State of Connecticut as of and for the year ended June 30, 2008, which collectively comprise the State's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the State of Connecticut's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit:

Government-wide Financial Statements

- the financial statements of the Special Transportation Fund account within the Transportation Fund, the Transportation Special Tax Obligations account within the Debt Service Fund, and the Clean Energy Fund account within the Environmental Programs Fund, which in the aggregate, represent seven percent of the assets and six percent of the revenues of the Governmental Activities;
- the financial statements of the John Dempsey Hospital account within the University of Connecticut and Health Center, the Connecticut State University, Connecticut Community/ Technical Colleges, Bradley International Airport, Bradley International Airport Parking Facility, Connecticut Lottery Corporation, and the Federal accounts for the Clean Water Fund and Drinking Water Fund, which in the aggregate, represent 59 percent of the assets and 56 percent of the revenues of the Business Type Activities;
- the financial statements of the discretely presented component units;

Fund Financial Statements

- the financial statements of the Special Transportation Fund account, which represents 96 percent of the assets and 97 percent of the revenues of the Transportation Fund; the financial statements of the Transportation Special Tax Obligations account, which represents 100 percent of the assets and 100 percent of the revenues of the Debt Service Fund;
- the financial statements of the Clean Energy Fund account, which represents 44 percent of

the assets and 33 percent of the revenues of the Environmental Programs Fund;

- the financial statements of the John Dempsey Hospital account within the University of Connecticut and Health Center, the Connecticut State University, the Connecticut Community-Technical Colleges, Bradley International Airport, Bradley International Airport Parking Facility, the Connecticut Lottery Corporation, and the Federal accounts for the Clean Water Fund and Drinking Water Fund, which in the aggregate, represent 59 percent of the assets and 56 percent of the revenues of the Enterprise Funds;

Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the aforementioned funds and accounts, is based on the reports of the other auditors. All of the aforementioned audits were conducted in accordance with auditing standards generally accepted in the United States of America. In addition, the audits of the Special Transportation Fund, Transportation Special Tax Obligations Fund, Drinking Water Fund, Clean Water Fund, Bradley International Airport, Connecticut Lottery Corporation, Connecticut Resources Recovery Authority, Connecticut Health and Educational Facilities Authority, Connecticut Higher Education Supplemental Loan Authority, Connecticut Housing Finance Authority, and Connecticut Innovations Incorporated were conducted in accordance with standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The audits of the Connecticut Development Authority, the Capital City Economic Development Authority, the Bradley International Airport Parking Facility, John Dempsey Hospital, Connecticut State University, Connecticut Community-Technical Colleges and the University of Connecticut Foundation were not conducted in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinion.

As discussed in Note 14 of the financial statements, the State of Connecticut adopted the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* (OPEB). This standard modifies the method that governments have reported the cost of providing such benefits, primarily retiree health care. It requires the systematic, accrual-basis measurement and recognition of OPEB cost (expense) over a period that approximates employees' years of service and the disclosure of information about the actuarial accrued liabilities associated with OPEB and whether and to what extent progress is being made in funding the plan. Our audit disclosed that information pertaining to the Funded Status and Funding Progress, and Actuarial Methods and Assumptions for the State Employee OPEB Plan was not disclosed in Note 14 of the financial statements in compliance with GASB requirements.

In our opinion, except for the matter described in the preceding paragraph, based upon our audit and the reports of other auditors, the financial statements referred to above present fairly, in all

material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information for the State of Connecticut, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2009, on our consideration of the State of Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should considered in assessing the results of our audit.

The management's discussion and analysis on pages 15 through 25, and the budgetary comparison information on pages 38 through 39 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of Connecticut's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Kevin P. Johnston
Auditor of Public Accounts

Robert G. Jaekle
Auditor of Public Accounts

February 27, 2009
State Capitol
Hartford, Connecticut

MANAGEMENT'S DISCUSSION AND ANALYSIS (MDA)

The following discussion and analysis is intended to provide readers of the State's financial statements with a narrative overview and analysis of the financial activities of the State for the fiscal year ended June 30, 2008. The information provided here should be read in conjunction with additional information provided in the letter of transmittal and in the basic financial statements.

FINANCIAL HIGHLIGHTS

Government-wide:
As of June 30, 2008, the State had a combined net asset deficit of $2.2 billion, an increase of $2.0 billion when compared to the prior year ending deficit balance. This increase resulted from a decrease of $2.0 billion in the net assets of governmental activities.

Fund Level:
The governmental funds had a total fund balance of $3.1 billion at year end. Of this amount, $3.7 billion was reserved for various purposes, resulting in a total unreserved fund balance deficit of $0.6 billion. The portion of the total unreserved fund balance deficit that pertains to the General Fund was a $1.1 billion deficit. The General Fund had an actual budget surplus of $0.1 billion this year.

The Enterprise funds had total net assets of $4.7 billion, substantially all of which was invested in capital assets or restricted for various purposes.

Long–Term Debt:
Total long-term debt was $20.3 billion for governmental activities, of which $16.2 billion was bonded debt.

Total long-term debt was $1.9 billion for business-type activities, of which $1.4 billion was bonded debt.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the State's basic financial statements. The State's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the State's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the State's non-fiduciary assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the State is improving or deteriorating.

The statement of activities presents information showing how the State's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements are intended to distinguish functions of the State that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the State include legislative, general government, regulation and protection, conservation and development, health and hospitals, transportation, human services, education, libraries, and museums, corrections, and judicial. The business-type activities of the State include the University of Connecticut and Health Center, State Universities, Bradley International Airport, Connecticut Lottery Corporation, Employment Security, and Clean Water, which are considered to be major funds, while the remaining business-type activities are combined into a single aggregate presentation.

The government-wide financial statements include not only the State itself (known as the primary government), but also the activities of eight legally separate Component Units for which the State is financially accountable: the Connecticut Housing Finance Authority, the Connecticut Health and Educational Facilities Authority, the Connecticut Development Authority, the Connecticut Higher Education Supplemental Loan Authority, the Connecticut Resources Recovery Authority, the Connecticut Innovations, Incorporated, the Capital City Economic Development Authority, and the University of Connecticut Foundation, Incorporated. Financial information for these Component Units is reported separately from the financial information presented for the primary government itself. Financial information of the individual component units can be found in the basic financial statements following the fund statements, and complete financial statements of the individual component units can be obtained from their respective administrative offices.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The State uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the State can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the State's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the State's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Debt Service Fund, the Transportation Fund, and the Restricted Grants and Accounts Fund, all of which are considered to be major funds. Data from other governmental funds is combined into a single, aggregated

presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The State adopts a biennial budget for the General Fund, the Transportation Fund, and other Special Revenue funds. A budgetary comparison statement has been provided for the General Fund and the Transportation Fund to demonstrate compliance with the current fiscal year budgets.

Proprietary Funds

Proprietary funds (Enterprise funds and Internal Service funds) are used to show activities that operate more like those of commercial enterprises. Enterprise funds charge fees for services provided to outside customers. They are used to report the same functions presented as business-type activities in the government-wide financial statements. Internal Service funds are an accounting device used to accumulate and allocate costs internally among the State's various functions. The State uses Internal Service funds to account for correction industries, information technology, and administrative services. Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Fiduciary Funds

Fiduciary funds are used to account for resources held by the State in a trustee or agency capacity for others. Fiduciary funds are not included in the government-wide financial statements because the resources of those funds are not available to support the State's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. The required supplementary information includes information regarding the State's progress on funding its obligation to provide pension and other postemployment benefits to its employees.

Other Information

In addition to the basic financial statements and accompanying notes, this report also contains the following information.

- Combining Fund Statements and Schedules – Nonmajor funds
- Statistical Section

FINANCIAL ANALYSIS OF THE GOVERNMENT AS A WHOLE

NET ASSETS

As noted earlier, net assets may serve over time as a useful indicator of the State's financial position. During the current fiscal year, the combined net asset deficit of the State increased 807 percent to $2.2 billion. In comparison, last year the combined net asset deficit decreased 69 percent.

State Of Connecticut's Net Assets
(Expressed in Millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2008	2007	2008	2007	2008	2007
ASSETS:						
Current and Other Assets	$ 5,172	$ 5,315	$ 3,804	$ 4,006	$ 8,976	$ 9,321
Capital Assets	10,045	9,952	3,348	3,263	13,393	13,215
Total Assets	15,217	15,267	7,152	7,269	22,369	22,536
LIABILITIES:						
Current Liabilities	3,078	2,900	741	700	3,819	3,600
Long-term Liabilities	19,027	17,211	1,727	1,968	20,754	19,179
Total Liabilities	22,105	20,111	2,468	2,668	24,573	22,779
NET ASSETS:						
Invested in Capital Assets, Net of Related Debt	4,931	4,269	2,579	2,455	7,510	6,724
Restricted	1,641	1,385	1,757	1,872	3,398	3,257
Unrestricted	(13,460)	(10,498)	348	274	(13,112)	(10,224)
Total Net Assets (Deficit)	$ (6,888)	$ (4,844)	$ 4,684	$ 4,601	$ (2,204)	$ (243)

The net asset deficit of the State's governmental activities increased $2.0 billion (42.2 percent) to $6.9 billion during the current fiscal year. Of this amount, $6.6 billion was invested in capital assets (buildings, roads, bridges, etc.) or was restricted for various purposes, resulting in an unrestricted net asset deficit of $13.5 billion. This deficit is the result of having long-term obligations that are greater than currently available resources. Specifically, the State has recorded the following outstanding long-term obligations which contributed to the deficit; a) general obligation bonds in the amount of $5.4 billion which were issued to finance various municipal grant programs (e.g., school construction) and construction projects at the University of Connecticut, and b) other long-term obligations in the amount of $4.1 billion (e.g., net pension obligation and compensated absences).

Net assets of the State's business-type activities increased $0.1 billion (1.8 percent) to $4.7 billion during the current fiscal year. Of this amount, $4.4 billion was invested in capital assets or was restricted for various purposes, resulting in unrestricted net assets of $0.3 billion. These resources cannot be used to make up for the net asset deficit of the State's governmental activities. The State can only use these net assets to finance the ongoing operations of its Enterprise funds (such as the University of Connecticut and Health Center, Bradley International Airport, and others).

CHANGE IN NET ASSETS

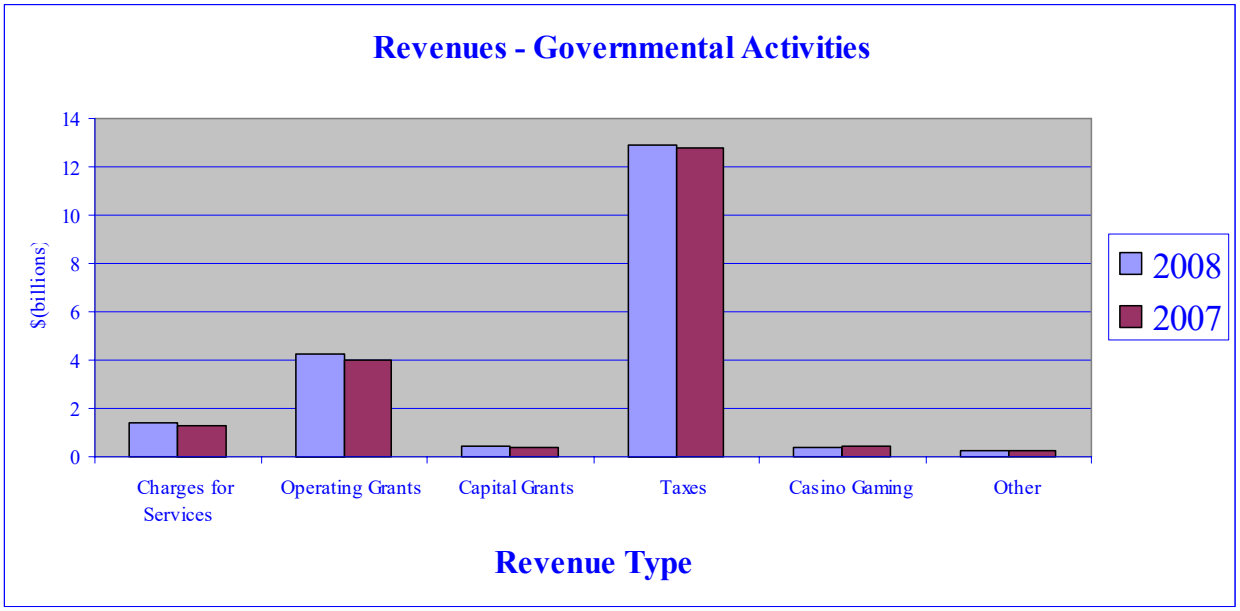
Changes in net assets for the years ended June 30, 2008 and 2007 were as follows:

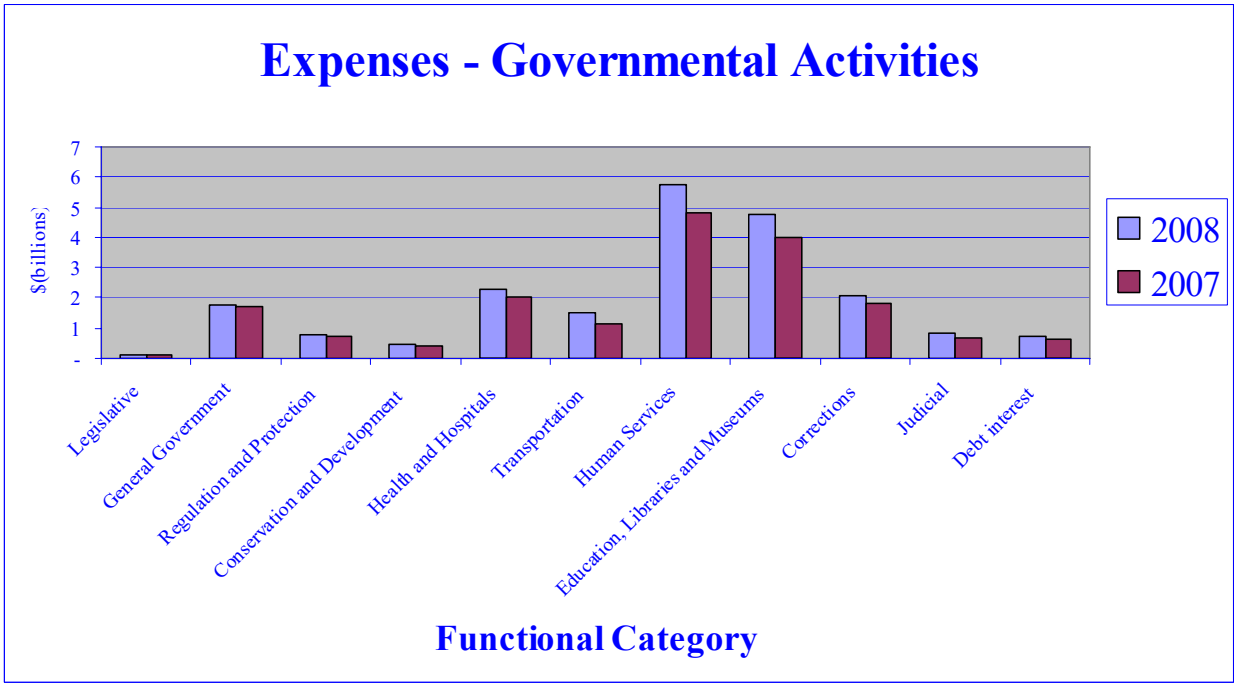
State of Connecticut's Changes in Net Assets
(Expressed in Millions)

	Governmental Activities		Business-Type Activities		Total		%change
	2008	2007	2008	2007	2008	2007	08-07
REVENUES							
Program Revenues							
Charges for Services	$ 1,448	$ 1,317	$ 3,000	$ 2,920	$ 4,448	$ 4,237	5.0%
Operating Grants and Contributions	4,271	3,974	323	297	4,594	4,271	7.6%
Capital Grants and Contributions	442	412	36	14	478	426	12.2%
General Revenues							
Taxes	12,901	12,803	-	-	12,901	12,803	0.8%
Casino Gaming Payments	411	430	-	-	411	430	-4.4%
Other	273	280	117	128	390	408	-4.4%
Total Revenues	19,746	19,216	3,476	3,359	23,222	22,575	2.9%
EXPENSES							
Legislative	112	97	-	-	112	97	15.5%
General Government	1,738	1,731	-	-	1,738	1,731	0.4%
Regulation and Protection	789	703	-	-	789	703	12.2%
Conservation and Development	474	429	-	-	474	429	10.5%
Health and Hospitals	2,298	2,004	-	-	2,298	2,004	14.7%
Transportation	1,482	1,151	-	-	1,482	1,151	28.8%
Human Services	5,744	4,828	-	-	5,744	4,828	19.0%
Education, Libraries and Museums	4,749	4,009	-	-	4,749	4,009	18.5%
Corrections	2,085	1,836	-	-	2,085	1,836	13.6%
Judicial	806	695	-	-	806	695	16.0%
Interest and Fiscal Charges	734	635	-	-	734	635	15.6%
University of Connecticut & Health Center	-	-	1,626	1,519	1,626	1,519	7.0%
State Universities	-	-	611	571	611	571	7.0%
Bradley International Airport	-	-	68	67	68	67	1.5%
CT Lottery Corporation	-	-	732	699	732	699	4.7%
Employment Security	-	-	632	586	632	586	7.8%
Clean Water	-	-	27	30	27	30	-10.0%
Other	-	-	476	432	476	432	10.2%
Total Expenses	21,011	18,118	4,172	3,904	25,183	22,022	14.4%
Excess (Deficiency) Before Transfers	(1,265)	1,098	(696)	(545)	(1,961)	553	-454.6%
Transfers	(779)	(866)	779	866	-	-	0.0%
Increase (Decrease) in Net Assets	(2,044)	232	83	321	(1,961)	553	-454.6%
Net Assets (Deficit) - Beginning	(4,844)	(5,076)	4,601	4,280	(243)	(796)	-69.5%
Net Assets (Deficit) - Ending	$ (6,888)	$ (4,844)	$ 4,684	$ 4,601	$ (2,204)	$ (243)	807.0%

GOVERNMENTAL ACTIVITIES

The following charts provide a two year comparison of governmental activities revenues and expenses.

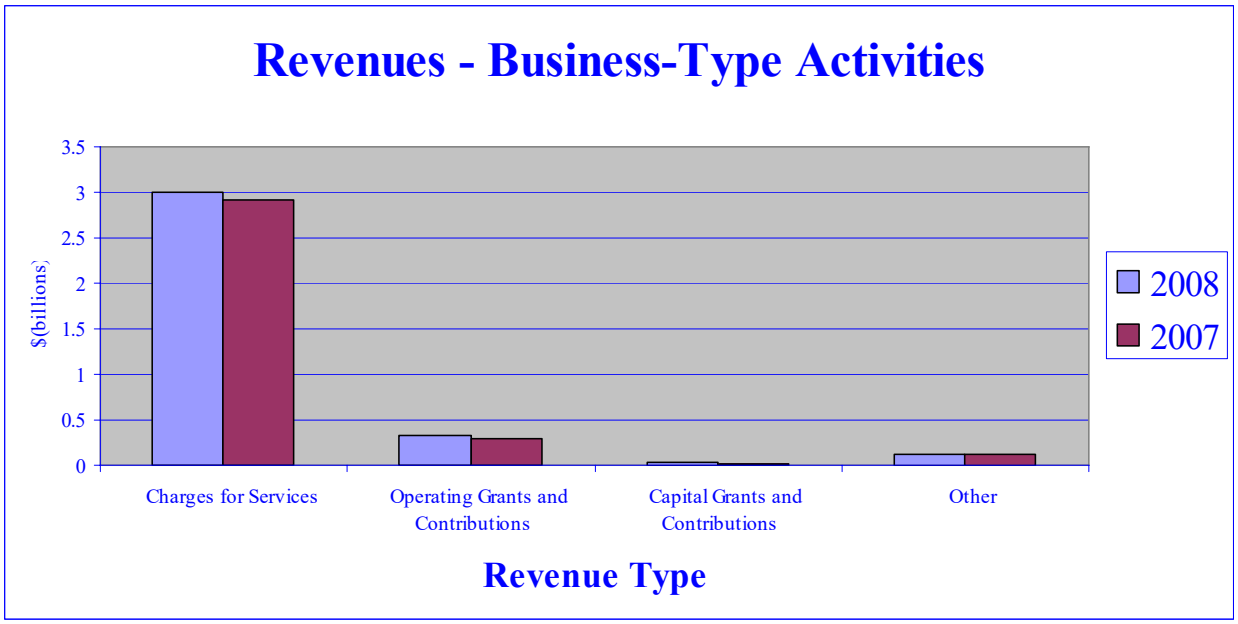


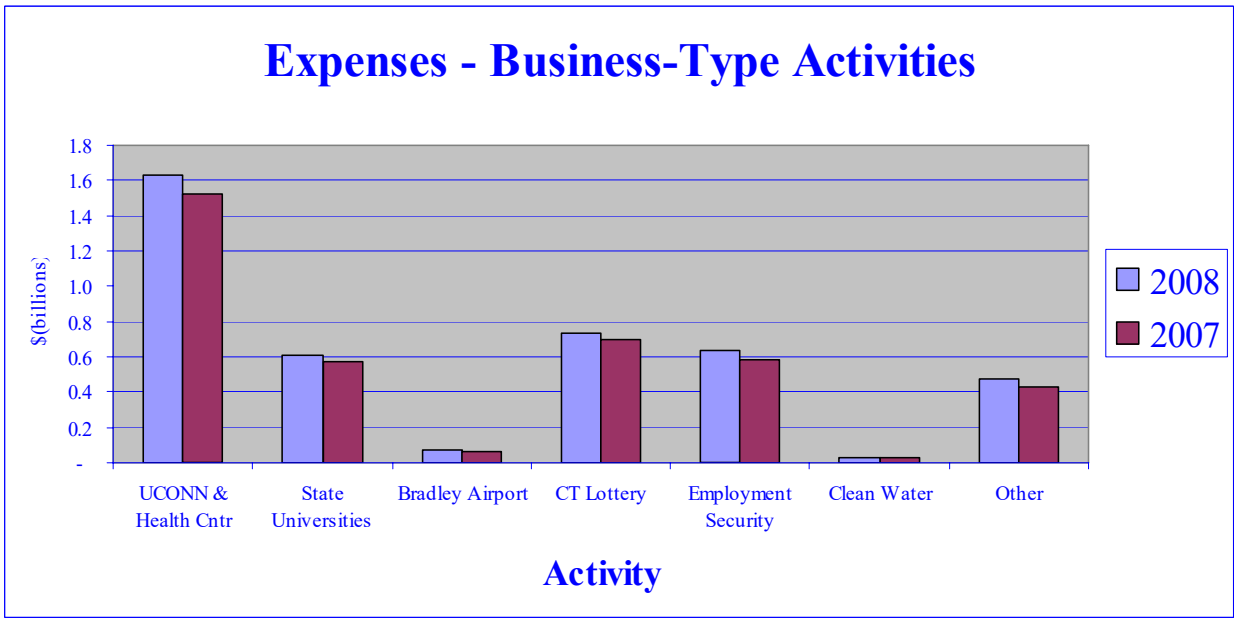


During the year, total revenues of governmental activities increased 2.8 percent to $19.7 billion, while total expenses increased 16.0 percent to $21.0 billion. In comparison, last year total revenues and expenses increased 4.1 percent and 3.9 percent, respectively. The increase in total expenses was due mainly to an increase in transportation, human services and education expenses of $2.0 billion or 19.9 percent. Although, total expenses exceeded total revenues by $1.2 billion, this excess was increased by transfers of $0.8 billion, resulting in a decrease in net assets of $2.0 billion.

BUSINESS-TYPE ACTIVITIES

The following charts provide a two year comparison of business-type activities revenues and expenses.





During the year, total revenues of business-type activities increased 3.5 percent to $3.5 billion, while total expenses increased by 6.9 percent to $4.2 billion. In comparison, last year total revenues decreased 0.3 percent, while total expenses increased 3.1 percent. The increase in total expenses was due mainly to an increase in University of Connecticut and Health Center expenses of $0.1 billion or 7.0 percent. Although, total expenses exceeded total revenues by $0.7 billion, this excess was reduced by transfers of $0.8 billion, resulting in an increase in net assets of $0.1 billion.

FINANCIAL ANALYSIS OF THE STATE'S FUNDS

Governmental Funds

The focus of the State's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the State's financing requirements. In particular, unreserved fund balance serves as a useful measure of the State's net resources available for spending at the end of the fiscal year.

As of June 30, 2008, the State's governmental funds had fund balances of $3.1 billion, a decrease of $0.2 billion when compared to the prior year ending fund balances. Of the total governmental fund balances, $3.7 billion represents reserved fund balance, meaning that this portion is not available for the new spending because it has already been committed for specific purposes. The remainder of fund balance is an unreserved deficit fund balance of $0.6 billion.

General Fund

The General Fund is the chief operating fund of the State. As of June 30, 2008, the General Fund had a fund balance of $0.9 billion. Of this amount, $2.0 billion was reserved for various purposes, leaving a deficit of $1.1 billion in unreserved fund balance. Fund balance decreased by $0.4 billion during the current fiscal year.

Debt Service Fund

As of June 30, 2008, the Debt Service Fund had a fund balance of $684 million, all of which was reserved. Fund balance increased by $7 million during the current fiscal year.

Transportation Fund

As of June 30, 2008, the Transportation Fund had a fund balance of $220 million. Of this amount, $60 million was reserved for various purposes, leaving $160 million in unreserved fund balance. Fund balance decreased by $28 million during the current fiscal year.

Restricted Grants and Accounts Fund

As of June 30, 2008, the Restricted Grants and Accounts Fund had a fund balance of $666 million, all of which was reserved. Fund balance increased by $312 million during the fiscal year.

Proprietary Funds

The State's Proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Accordingly, a discussion of the financial activities of the Proprietary funds has been provided in that section.

Fiduciary Funds

The State maintains Fiduciary funds for the assets of Pension and Other Employee Benefit Trust funds, an Investment Trust fund, and a Private-Purpose Trust fund. As of June 30, 2008, the net assets of the State's Fiduciary funds totaled $27 billion, showing no change when compared to the prior year ending net asset balance.

Budgetary Highlights-General Fund

The General Fund surplus was originally estimated to be $0.7 million. Although the economy weakened during the year, the surplus estimate grew to $22 million by the end of the fiscal year.

Although actual fund expenditures exceeded revenues by $209 million, this excess was reduced by other financing sources of $308 million, resulting in an actual surplus of $99 million. This surplus was reserved by the State legislature to be spent in fiscal year 2009.

During the year, actual revenues exceeded original budget revenues by $103 million. A tax revenue variance of $71 million accounts for much of the total variance. Some of the tax revenues that were over or (under) the original budget were: personal income, $319 million; oil companies, $71 million; corporations, ($136) million; and real estate, ($41) million.

During the year, final appropriations exceeded original appropriations by $18 million or 0.1 percent.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The State's investment in capital assets for its governmental and business-type activities as of June 30, 2008 totaled $13.4 billion (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, equipment, infrastructure, and construction in progress. The net increase in the State's investment in capital assets for the current fiscal was $0.2 billion, a 1 percent increase for governmental activities and a 3 percent increase for business-type activities.

Major capital asset events during the current fiscal year included the following:

- Additions to infrastructure of $0.4 billion.
- Additions to equipment of $0.3 billion
- Depreciation expense of $1.0 billion.

The following table is a two year comparison of the investment in capital assets presented for both governmental and business-type activities:

State of Connecticut's Capital Assets
(Net of Depreciation, in Millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2008	2007	2008	2007	2008	2007
Land	$ 1,402	$ 1,354	$ 60	$ 59	$ 1,462	$ 1,413
Buildings	1,116	1,090	2,406	2,390	3,522	3,480
Improvements Other than Buildings	174	175	249	254	423	429
Equipment	280	379	383	369	663	748
Infrastructure	4,964	4,994	-	-	4,964	4,994
Construction in Progress	2,109	1,960	250	191	2,359	2,151
Total	$ 10,045	$ 9,952	$ 3,348	$ 3,263	$ 13,393	$ 13,215

Additional information on the State's capital assets can be found in Note 10 of this report.

Long-term Debt
Bonded Debt

At the end of the current fiscal year, the State had total bonded debt of $17.6 billion. Pursuant to various public and special acts, the State has authorized the issuance of the following types of debt: general obligation debt (payable from the General Fund), special tax obligation debt (payable from the Debt Service Fund), and revenue debt (payable from specific revenues of the Enterprise funds).

The following table is a two year comparison of bonded debt presented for both governmental and business-type activities:

State of Connecticut's Bonded Debt (in millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2008	2007	2008	2007	2008	2007
General Obligation Bonds	$ 13,092	$ 10,597	$ -	$ -	$ 13,092	$ 10,597
Transportation Related Bonds	2,791	2,822	-	-	2,791	2,822
Revenue Bonds	-	-	1,358	1,578	1,358	1,578
Premiums and deferred amounts	348	302	20	25	368	327
Total	$ 16,231	$ 13,721	$ 1,378	$ 1,603	$ 17,609	$ 15,324

The State's total bonded debt increased by $2.4 billion during the current fiscal year. This increase resulted mainly from an increase in general obligation bonds of $2.5 billion that was offset by a decrease in revenue bonds of $0.2 billion.

The State's General Obligation Bonds are rated Aa3, AA and AA by Moody's Investor Service, Standard and Poor's Corporation, and Fitch Ratings, respectively. Special tax obligation Bonds are rated A1, AA, AA- by Moody's Investor Service, Standard and Poor's Corporation, and Fitch Ratings, respectively.

Section 3-21 of the Connecticut General Statutes provides that the total amount of bonds, notes or other evidences of indebtedness payable from General Fund tax receipts authorized by the General Assembly but have not been issued and the total amount of such indebtedness which has been issued and remains outstanding shall not exceed 1.6 times the total estimated General Fund tax receipts of the State for the current fiscal year. In computing the indebtedness at any time, revenue anticipation notes, refunded indebtedness, bond anticipation notes, tax increment financing, budget deficit bonding, revenue bonding, balances in debt retirement funds and other indebtedness pursuant to certain provisions of the General Statutes shall be excluded from the calculation. As of February 2008, the State had a debt incurring margin of $5.7 billion.

Other Long-Term Debt

State of Connecticut's Other Long - Term Debt (in Millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2008	2007	2008	2007	2008	2007
Net Pension Obligation	$ 1,917	$ 3,828	$ -	$ -	$ 1,917	$ 3,828
Net OPEB Obligation	1,234	-	-	-	1,234	-
Compensated Absences	482	474	130	128	612	602
Workers Compensation	413	382	-	-	413	382
Lottery Prizes	-	-	232	266	232	266
Other	66	68	163	171	229	239
Total	$ 4,112	$ 4,752	$ 525	$ 565	$ 4,637	$ 5,317

The State's other long-term obligations decreased by $0.7 billion during the year. This decrease was due mainly to a decrease in the Net Pension Obligation of $1.9 billion that was offset by an increase in the Net OPEB Obligation of $1.2 billion.

Additional information on the State's long-term debt can be found in Notes 17 and 18 of this report.

Economic Factors and Next Year's Budget

During the fiscal year, the State added 6,000 payroll jobs. In the prior fiscal year, the State gained 20,800 jobs. The State's unemployment rate ended the fiscal year at 5.5 percent, its highest rate since fiscal year 2003. Existing home sales in the State hit a ten year low during the fiscal year, while new housing permits declined 25 percent. Taxable sales were weak expanding 2.5 percent. Personal income in the State grew by close to 4 percent throughout most of the fiscal year and ranked in the top quarter of all states for income growth. The State's export industries continue to show strength with exports continuing to expand at double-digit rates into the fiscal year.

For fiscal year 2009, the General Fund had a budget deficit initially estimated to be $10 million. Budgeted appropriations were expected to increase 4.7 percent to $17,083 million, while budgeted revenues were expected to increase 4.6 percent to $17,073 million. Some of the major increases in budgeted appropriations were $164 million for Medicaid assistance, $145 million for debt service, and $135 million for employee fringe benefit payments. However, because the economy went into a recession during the fiscal year, budgeted revenues are now expected to be $980 million lower than initially anticipated, resulting in a projected budget deficit of $922 million for fiscal year 2009. To help reduce the estimated budget deficit, the Governor has implemented certain measures, which include a ban on out-of-state travel, a hiring freeze, and a budget allotment rescission program.

CONTACTING THE STATE'S OFFICES OF FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the State's finances and to demonstrate the State's accountability for the money it receives. If you have any questions about this report, please contact the State Comptroller's Office at 1-860-702-3350.

Basic Financial Statements

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Statement of Net Assets

June 30, 2008
(Expressed in Thousands)

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
Assets				
Current Assets:				
Cash and Cash Equivalents	$ 1,602,206	$ 628,173	$ 2,230,379	$ 227,305
Deposits with U.S. Treasury	-	610,917	610,917	-
Investments	738,830	53,361	792,191	381,095
Receivables, (Net of Allowances)	2,023,492	703,619	2,727,111	50,527
Due from Primary Government	-	-	-	12,800
Inventories	50,020	11,860	61,880	3,710
Restricted Assets	-	46,631	46,631	1,805,387
Internal Balances	(222,678)	222,678	-	-
Other Current Assets	14,355	18,704	33,059	2,365
Total Current Assets	4,206,225	2,295,943	6,502,168	2,483,189
Noncurrent Assets:				
Cash and Cash Equivalents	-	154,333	154,333	-
Due From Component Units	5,057	-	5,057	-
Investments	-	287,993	287,993	40,573
Receivables, (Net of Allowances)	204,537	559,743	764,280	151,609
Restricted Assets	684,117	460,606	1,144,723	4,073,221
Capital Assets, (Net of Accumulated Depreciation)	10,045,466	3,347,602	13,393,068	425,087
Other Noncurrent Assets	71,847	46,260	118,107	9,780
Total Noncurrent Assets	11,011,024	4,856,537	15,867,561	4,700,270
Total Assets	15,217,249	7,152,480	22,369,729	7,183,459
Liabilities				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	785,414	292,693	1,078,107	72,351
Due to Component Units	12,800	-	12,800	-
Due to Other Governments	124,070	33	124,103	-
Current Portion of Long-Term Obligations	1,315,880	176,196	1,492,076	193,749
Amount Held for Institutions	-	-	-	1,139,532
Deferred Revenue	11,538	198,204	209,742	-
Medicaid Liability	507,899	-	507,899	-
Liability for Escheated Property	184,235	-	184,235	-
Other Current Liabilities	135,727	73,950	209,677	39,305
Total Current Liabilities	3,077,563	741,076	3,818,639	1,444,937
Noncurrent Liabilities:				
Non-Current Portion of Long-Term Obligations	19,027,615	1,726,924	20,754,539	3,898,073
Total Noncurrent Liabilities	19,027,615	1,726,924	20,754,539	3,898,073
Total Liabilities	22,105,178	2,468,000	24,573,178	5,343,010
Net Assets				
Invested in Capital Assets, Net of Related Debt	4,930,749	2,578,856	7,509,605	304,906
Restricted For:				
Transportation	137,370	-	137,370	-
Debt Service	647,400	66,376	713,776	17,181
Restricted Purposes	661,371	-	661,371	-
Capital Projects	-	99,922	99,922	-
Unemployment Compensation	-	740,636	740,636	-
Clean Water and Drinking Water Projects	-	655,557	655,557	-
Bond Indenture Requirements	-	2,508	2,508	812,680
Loans	-	6,241	6,241	-
Permanent Investments or Endowments:				
Expendable	2,446	-	2,446	109,978
Nonexpendable	92,015	14,846	106,861	249,762
Other Purposes	100,775	171,760	272,535	51,151
Unrestricted (Deficit)	(13,460,055)	347,778	(13,112,277)	294,791
Total Net Assets (Deficit)	$ (6,887,929)	$ 4,684,480	$ (2,203,449)	$ 1,840,449

The accompanying notes are an integral part of the financial statements.

Statement of Activities

For The Fiscal Year Ended June 30, 2008
(Expressed in Thousands)

Functions/Programs	Expenses	Program Revenues: Charges for Services, Fees, Fines , and Other	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government				
Governmental Activities:				
Legislative	$ 111,910	$ 2,942	$ 23	$ -
General Government	1,737,917	382,296	6,288	-
Regulation and Protection	788,419	532,116	144,172	-
Conservation and Development	473,797	128,284	64,475	-
Health and Hospitals	2,298,272	75,240	172,210	-
Transportation	1,482,250	82,824	-	442,310
Human Services	5,743,810	83,561	3,308,219	-
Education, Libraries, and Museums	4,749,284	47,071	448,135	-
Corrections	2,085,053	9,049	121,117	-
Judicial	806,309	104,190	6,865	-
Interest and Fiscal Charges	733,791	-	-	-
Total Governmental Activities	21,010,812	1,447,573	4,271,504	442,310
Business-Type Activities:				
University of Connecticut & Health Center	1,626,532	853,586	179,199	6,803
State Universities	610,851	304,363	49,324	25,364
Bradley International Airport	67,635	57,801	-	3,755
Connecticut Lottery Corporation	731,851	998,361	-	-
Employment Security	631,935	573,524	14,874	-
Clean Water	27,181	16,398	10,737	-
Other	476,040	195,901	68,802	-
Total Business-Type Activities	4,172,025	2,999,934	322,936	35,922
Total Primary Government	$ 25,182,837	$ 4,447,507	$ 4,594,440	$ 478,232
Component Units				
Connecticut Housing Finance Authority (12-31-07)	$ 203,835	$ 183,901	$ -	$ -
Connecticut Health and Educational Facilities Authority	5,199	6,019	-	-
Other	276,696	221,288	7,900	7,780
Total Component Units	$ 485,730	$ 411,208	$ 7,900	$ 7,780
General Revenues:				
Taxes:				
Personal Income				
Corporate Income				
Sales and Use				
Other				
Restricted for Transportation Purposes:				
Motor Fuel				
Other				
Casino Gaming Payments				
Tobacco Settlement				
Unrestricted Investment Earnings				
Contributions to Endowments				
Transfers-Internal Activities				
Total General Revenues, Contributions, and Transfers				
Change in Net Assets				
Net Assets (Deficit)- Beginning				
Net Assets (Deficit)- Ending				

The accompanying notes are an integral part of the financial statements.

Net (Expense) Revenue and Changes in Net Assets

Primary Government			
Governmental Activities	Business-Type Activities	Total	Component Units
$ (108,945)	$ -	$ (108,945)	$ -
(1,349,333)	-	(1,349,333)	-
(112,131)	-	(112,131)	-
(281,038)	-	(281,038)	-
(2,050,822)	-	(2,050,822)	-
(957,116)	-	(957,116)	-
(2,352,030)	-	(2,352,030)	-
(4,254,078)	-	(4,254,078)	-
(1,954,887)	-	(1,954,887)	-
(695,254)	-	(695,254)	-
(733,791)	-	(733,791)	-
(14,849,425)	-	(14,849,425)	-
-	(586,944)	(586,944)	-
-	(231,800)	(231,800)	-
-	(6,079)	(6,079)	-
-	266,510	266,510	-
-	(43,537)	(43,537)	-
-	(46)	(46)	-
-	(211,337)	(211,337)	-
-	(813,233)	(813,233)	-
(14,849,425)	(813,233)	(15,662,658)	-
-	-	-	(19,934)
-	-	-	820
-	-	-	(39,728)
-	-	-	(58,842)
6,588,233	-	6,588,233	-
548,539	-	548,539	-
3,537,911	-	3,537,911	-
1,544,801	-	1,544,801	-
487,568	-	487,568	-
192,663	-	192,663	-
411,411	-	411,411	-
141,348	-	141,348	-
131,915	117,360	249,275	73,603
-	-	-	38,162
(779,256)	779,256	-	-
12,805,133	896,616	13,701,749	111,765
(2,044,292)	83,383	(1,960,909)	52,923
(4,843,637)	4,601,097	(242,540)	1,787,526
$ (6,887,929)	$ 4,684,480	$ (2,203,449)	$ 1,840,449

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Governmental Fund Financial Statements

Major Funds

General Fund:
This fund is the State's general operating fund. It accounts for the financial resources and transactions not accounted for in other funds.

Debt Service Fund:
This fund is used to account for the accumulation of resources for and the payment of, principal and interest on special tax obligation bonds of the Transportation fund.

Transportation Fund:
to account for motor vehicle taxes, receipts and transportation related federal revenues collected for the purposes of payment of debt service requirements and budgeted appropriations made to the Department of Transportation. The Department of Transportation is responsible for all aspects of the planning, development, maintenance, and improvement of transportation in the state.

Restricted Grants and Accounts Fund:
This fund is used to account for resources which are restricted by Federal and other providers to be spent for specific purposes.

Nonmajor Funds:
Nonmajor governmental funds are presented, by fund type beginning on page 94.

Balance Sheet
Governmental Funds
June 30, 2008
(Expressed in Thousands)

	General	Debt Service	Transportation	Restricted Grants & Accounts	Other Funds	Total Governmental Funds
Assets						
Cash and Cash Equivalents	$ 295,723	$ -	$ 186,728	$ 602,339	$ 500,567	$ 1,585,357
Investments	601,176	-	-	-	137,654	738,830
Securities Lending Collateral	-	-	-	-	14,060	14,060
Receivables:						
Taxes, Net of Allowances	998,853	-	40,264	-	-	1,039,117
Accounts, Net of Allowances	185,023	-	10,504	19,188	28,220	242,935
Loans, Net of Allowances	-	-	-	-	204,537	204,537
From Other Governments	480,442	-	-	235,002	9,573	725,017
Interest	-	2,222	241	-	-	2,463
Other	-	-	-	6,229	5	6,234
Due from Other Funds	58,362	-	2,222	3,906	103,922	168,412
Advances to Other Funds	4,650	-	-	-	-	4,650
Due from Component Units	5,057	-	-	-	-	5,057
Inventories	25,319	-	20,938	-	-	46,257
Restricted Assets	-	683,636	-	-	481	684,117
Other Assets	-	-	-	-	218	218
Total Assets	$ 2,654,605	$ 685,858	$ 260,897	$ 866,664	$ 999,237	$ 5,467,261
Liabilities and Fund Balances						
Liabilities						
Accounts Payable and Accrued Liabilities	$ 354,143	$ -	$ 36,181	$ 177,423	$ 71,857	$ 639,604
Due to Other Funds	103,724	2,222	-	2,861	217,730	326,537
Due to Component Units	-	-	-	137	12,663	12,800
Due to Other Governments	122,701	-	-	1,369	-	124,070
Deferred Revenue	356,946	-	4,340	18,852	35,467	415,605
Medicaid Liability	507,899	-	-	-	-	507,899
Liability For Escheated Property	184,235	-	-	-	-	184,235
Securities Lending Obligation	-	-	-	-	14,060	14,060
Other Liabilities	121,667	-	-	-	-	121,667
Total Liabilities	1,751,315	2,222	40,521	200,642	351,777	2,346,477
Fund Balances						
Reserved For:						
Petty Cash	886	-	-	-	-	886
Inventories	25,319	-	20,938	-	-	46,257
Loans	9,707	-	-	-	204,537	214,244
Continuing Appropriations	455,441	-	38,693	-	2,239	496,373
Debt Service	-	683,636	-	-	-	683,636
Restricted Purposes	-	-	-	666,022	94,942	760,964
Surplus Transfer to FY 09	179,420	-	-	-	-	179,420
Budget Reserve Fund	1,381,748	-	-	-	-	1,381,748
Unreserved Reported In:						
General Fund	(1,149,231)	-	-	-	-	(1,149,231)
Transportation Fund	-	-	160,745	-	-	160,745
Special Revenue Funds	-	-	-	-	502,679	502,679
Capital Project Funds	-	-	-	-	(156,937)	(156,937)
Total Fund Balances	903,290	683,636	220,376	666,022	647,460	3,120,784
Total Liabilities and Fund Balances	$ 2,654,605	$ 685,858	$ 260,897	$ 866,664	$ 999,237	$ 5,467,261

The accompanying notes are an integral part of the financial statements.

Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets

June 30, 2008
(Expressed in Thousands)

Total Fund Balance - Governmental Funds		$ 3,120,784
Net assets reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:		
Buildings	2,750,789	
Equipment	1,377,724	
Infrastructure	10,867,383	
Other Capital Assets	3,901,018	
Accumulated Depreciation	(8,909,219)	9,987,695
Debt issue costs are recorded as expenditures in the funds. However, these costs are deferred (reported as other assets) and amortized over the life of the bonds in the Statement of Net Assets.		71,095
Some of the state's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.		404,196
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets.		(13,140)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds (Note 16).		
Net Pension Obligation	(1,916,537)	
Net OPEB Obligation	(1,234,395)	
Worker's Compensation	(412,619)	
Capital Leases	(51,748)	
Compensated Absences	(477,557)	
Claims and Judgments	(13,635)	(4,106,491)
Long-term bonded debt is not due and payable in the current period and therefore is not reported in the funds. Unamortized premiums, loss on refundings, and interest payable are not reported in the funds. However, these amounts are included in the Statement of Net Assets. This is the net effect of these balances on the statement (Note 16).		
Bonds Payable	(15,883,252)	
Unamortized Premiums	(561,058)	
Less: Deferred Loss on Refundings	212,830	
Accrued Interest Payable	(120,588)	(16,352,068)
Net Assets of Governmental Activities		$ (6,887,929)

The accompanying notes are an integral part of the financial statements.

Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds

For The Fiscal Year Ended June 30, 2008
(Expressed in Thousands)

	General	Debt Service	Transportation	Restricted Grants & Accounts	Other Funds	Total Governmental Funds
Revenues						
Taxes	$ 12,296,461	$ -	$ 680,590	$ 10,000	$ 27,835	$ 13,014,886
Assessments	-	-	-	-	21,457	21,457
Licenses, Permits and Fees	171,940	-	307,816	8,935	61,334	550,025
Tobacco Settlement	-	-	-	-	141,347	141,347
Federal Grants and Aid	3,045,810	-	-	1,601,890	70,156	4,717,856
Charges for Services	30,012	-	64,184	-	5,947	100,143
Fines, Forfeits and Rents	40,942	-	30,082	50	2,370	73,444
Casino Gaming Payments	411,410	-	-	-	-	411,410
Investment Earnings	63,867	34,670	11,485	5,429	17,039	132,490
Miscellaneous	141,296	-	8,201	464,402	79,383	693,282
Total Revenues	16,201,738	34,670	1,102,358	2,090,706	426,868	19,856,340
Expenditures						
Current:						
Legislative	101,455	-	-	2,705	-	104,160
General Government	1,144,111	-	2,333	277,166	202,414	1,626,024
Regulation and Protection	378,024	-	88,895	84,987	183,969	735,875
Conservation and Development	149,621	-	-	98,838	194,060	442,519
Health and Hospitals	1,944,217	-	-	200,488	9,543	2,154,248
Transportation	-	-	632,267	554,782	3,601	1,190,650
Human Services	4,979,489	-	-	392,456	18,434	5,390,379
Education, Libraries, and Museums	5,123,150	-	-	460,517	723,403	6,307,070
Corrections	1,918,709	-	-	24,738	5,895	1,949,342
Judicial	721,643	-	-	15,091	17,489	754,223
Capital Projects	-	-	-	-	341,148	341,148
Debt Service:						
Principal Retirement	877,160	275,789	604	-	-	1,153,553
Interest and Fiscal Charges	610,316	144,954	3,581	44,161	7,285	810,297
Total Expenditures	17,947,895	420,743	727,680	2,155,929	1,707,241	22,959,488
Excess (Deficiency) of Revenues Over Expenditures	(1,746,157)	(386,073)	374,678	(65,223)	(1,280,373)	(3,103,148)
Other Financing Sources (Uses)						
Bonds Issued	2,127,310	-	-	176,313	1,385,000	3,688,623
Premiums on Bonds Issued	333	11,557	-	-	57,889	69,779
Transfers In	405,351	417,172	41,941	204,340	142,640	1,211,444
Transfers Out	(1,207,015)	(25,439)	(447,472)	(3,053)	(310,510)	(1,993,489)
Refunding Bonds Issued	-	231,085	-	-	-	231,085
Payment to Refunded Bond Escrow Agent	-	(241,560)	-	-	-	(241,560)
Capital Lease Obligations	437	-	-	-	-	437
Total Other Financing Sources (Uses)	1,326,416	392,815	(405,531)	377,600	1,275,019	2,966,319
Net Change in Fund Balances	(419,741)	6,742	(30,853)	312,377	(5,354)	(136,829)
Fund Balances - Beginning (as restated)	1,331,768	676,894	248,169	353,645	652,814	3,263,290
Changes in Reserves for Inventories	(8,737)	-	3,060	-	-	(5,677)
Fund Balances - Ending	$ 903,290	$ 683,636	$ 220,376	$ 666,022	$ 647,460	$ 3,120,784

The accompanying notes are an integral part of the financial statements.

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

June 30, 2008

(Expressed in Thousands)

Net Change in Fund Balances - Total Governmental Funds		$ (136,829)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Bond proceeds provide current financial resources to governmental funds. However, issuing debt increases long term-liabilities in the Statement of Net Assets. Bond proceeds were received this year from:		
Bonds Issued	(3,688,623)	
Refunding Bonds Issued	(231,085)	
Premium on Bonds Issued	(69,779)	(3,989,487)
Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Long-term debt repayments this year consisted of:		
Principal Retirement	1,153,553	
Payments to Refunded Bond Escrow Agent	241,715	
Capital Lease Payments	4,933	1,400,201
Some capital assets acquired this year were financed with capital leases. The amount financed by leases is reported in the governmental funds as a source of financing, but lease obligations are reported as long-term liabilities on the Statement of Net Assets.		(437)
Capital outlays are reported as expenditures in the governmental funds. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. In the current period, these amounts and other reductions were as follows:		
Capital Outlays	897,191	
Depreciation Expense	(803,175)	
Retirements	(5,149)	88,867
Inventories are reported as expenditures in the governmental funds when purchased. However, in the Statement of Activities the cost of these assets is recognized when those assets are consumed. This is the amount by which consumption exceeded purchases of inventories.		(5,677)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:		
Increase in Accrued Interest	(19,777)	
Decrease in Interest Accreted on Capital Appreciation Debt	64,923	
Amortization of Bond Premium	48,024	
Amortization of Loss on Debt Refundings	(29,340)	
Increase in Compensated Absences Liability	(8,517)	
Increase in Workers Compensation Liability	(30,491)	
Increase in Claims and Judgments Liability	(6,055)	
Decrease in Net Pension Obligation	1,911,379	
Increase in Net OPEB Obligation	(1,234,395)	695,751
Because some revenues will not be collected for several months after the state's fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds. Deferred revenues decreased by this amount this year.		(110,566)
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue (expense) of internal service funds is reported with the governmental activities.		1,362
Debt issue costs are recorded as expenditures in the governmental funds. However, these costs are amortized over the life of the bonds in the Statement of Activities. In the current year, these amounts are:		
Debt Issue Costs Payments	18,160	
Amortization of Debt Issue Costs	(5,637)	12,523
Change in Net Assets of Governmental Activities		$ (2,044,292)

The accompanying notes are an integral part of the financial statements.

Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Non-GAAP Budgetary Basis
General and Transportation Funds

For the Fiscal Year Ended June 30, 2008
(Expressed in Thousands)

	General Fund			
	Budget			Variance with Final Budget positive
Revenues	**Original**	**Final**	**Actual**	**(negative)**
Budgeted:				
Taxes, Net of Refunds	$ 12,453,200	$ 12,460,900	$ 12,523,911	$ 63,011
Operating Transfers In	397,900	402,900	402,904	4
Casino Gaming Payments	437,500	411,400	411,410	10
Licenses, Permits, and Fees	163,600	171,700	171,739	39
Other	323,200	297,400	294,020	(3,380)
Federal Grants	2,643,100	2,701,900	2,701,602	(298)
Refunds of Payments	(600)	(500)	(501)	(1)
Operating Transfers Out	(102,300)	(102,300)	(86,300)	16,000
Transfer Out - Transportation Strategy Board	-	-	-	-
Total Revenues	16,315,600	16,343,400	16,418,785	75,385
Expenditures				
Budgeted:				
Legislative	79,555	79,731	72,488	7,243
General Government	712,529	668,423	602,849	65,574
Regulation and Protection	293,121	296,294	280,991	15,303
Conservation and Development	146,712	151,163	119,758	31,405
Health and Hospitals	1,602,576	1,629,473	1,606,711	22,762
Transportation	30,081	15,981	127	15,854
Human Services	4,782,044	4,767,410	4,629,658	137,752
Education, Libraries, and Museums	4,065,649	4,118,889	3,892,796	226,093
Corrections	1,560,047	1,584,434	1,549,792	34,642
Judicial	518,291	522,002	515,738	6,264
Non Functional	3,471,818	3,446,008	3,356,539	89,469
Total Expenditures	17,262,423	17,279,808	16,627,447	652,361
Appropriations Lapsed	116,480	150,800	-	(150,800)
Excess (Deficiency) of Revenues Over Expenditures	(830,343)	(785,608)	(208,662)	576,946
Other Financing Sources (Uses)				
Prior Year Appropriations Carried Forward	831,070	831,070	831,070	-
Appropriations Continued to Fiscal Year 2009	-	-	(504,098)	(504,098)
Miscellaneous Adjustments	-	(23,128)	(18,890)	4,238
Total Other Financing Sources (Uses)	831,070	807,942	308,082	(499,860)
Net Change in Fund Balance	$ 727	$ 22,334	99,420	$ 77,086
Budgetary Fund Balances - July 1			1,181,229	
Changes in Reserves			(596,244)	
Budgetary Fund Balances - June 30			$ 684,405	

The accompanying notes are an integral part of the financial statements.

Transportation Fund			
Budget			Variance with Final Budget positive
Original	Final	Actual	(negative)
$ 707,000	$ 683,100	$ 680,787	$ (2,313)
-	-	-	-
-	-	-	-
400,600	380,000	379,286	(714)
47,000	36,500	36,555	55
-	-	-	-
(2,900)	(2,600)	(2,719)	(119)
(9,500)	(9,500)	(9,500)	-
(15,300)	(20,800)	(20,800)	-
1,126,900	1,066,700	1,063,609	(3,091)
-	-	-	-
2,375	2,375	2,362	13
78,908	79,201	61,743	17,458
-	-	-	-
-	-	-	-
489,662	510,906	492,749	18,157
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
579,552	574,696	540,082	34,614
1,150,497	1,167,178	1,096,936	70,242
11,000	31,500	-	(31,500)
(12,597)	(68,978)	(33,327)	35,651
40,662	40,662	40,662	-
-	-	(38,693)	(38,693)
-	16,683	16,681	(2)
40,662	57,345	18,650	(38,695)
$ 28,065	$ (11,633)	(14,677)	$ (3,044)
		233,608	
		(1,968)	
		$ 216,963	

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Proprietary Fund Financial Statements

Major Funds

University of Connecticut and Health Center:
This fund is used to account for the operations of the University of Connecticut a comprehensive institution of higher education, which includes the University of Connecticut Health Center and John Dempsey Hospital.

State Universities:
This fund is used to account for the operations of the State University System which consist of four universities: Central, Eastern, Southern, and Western.

Bradley International Airport:
The airport is owned by the State of Connecticut and is operated by the Bureau of Aviation and Ports of the State of Connecticut, Department of Transportation and the Board of Directors of the Airport. In 1982, the State issued the Airport, 1982 series Revenue Bonds in the aggregate principal amount of $100,000,000 and established the Airport as an enterprise fund. The State also donated in the same year capital assets having a net book value of $33.3 million to the enterprise fund.

The Connecticut Lottery Corporation:
The Connecticut Lottery Corporation, a public instrumentality and political subdivision of the State of Connecticut was created on July 1, 1996 for the purpose of generating revenues for the State of Connecticut's General Fund through the operation of a lottery.

Employment Security:
to account for the collection of unemployment insurance premiums from employers and the payment of unemployment benefits to eligible claimants.

Clean Water:
to account for resources used to provide loans to municipalities to finance waste water treatment projects.

Nonmajor Funds:
Nonmajor proprietary funds are presented, by fund type beginning on page 116.

Statement of Net Assets
Proprietary Funds
June 30, 2008
(Expressed in Thousands)

	Business-Type Activities			
	Enterprise Funds			
	University of Connecticut & Health Center	State Universities	Bradley International Airport	Connecticut Lottery Corporation
Assets				
Current Assets:				
Cash and Cash Equivalents	$ 266,691	$ 119,897	$ 49,394	$ 37,035
Deposits with U.S. Treasury	-	-	-	-
Investments	2,686	14,620	-	36,055
Receivables:				
Accounts, Net of Allowances	115,457	141,930	4,964	12,305
Loans, Net of Allowances	2,616	2,004	-	-
Interest	-	-	-	7,650
From Other Governments	-	1,499	3,417	-
Due from Other Funds	62,522	54,313	-	-
Inventories	10,420	-	-	-
Restricted Assets	34,407	-	12,224	-
Other Current Assets	14,091	1,402	609	1,877
Total Current Assets	508,890	335,665	70,608	94,922
Noncurrent Assets:				
Cash and Cash Equivalents	1,468	99,968	-	-
Investments	12,310	26,668	-	193,959
Receivables:				
Accounts, Net of Allowances	-	-	-	-
Loans, Net of Allowances	9,288	8,919	-	-
Restricted Assets	16,162	-	105,226	-
Capital Assets, Net of Accumulated Depreciation	1,699,046	860,933	302,949	2,939
Other Noncurrent Assets	2,412	3,272	6,441	4,991
Total Noncurrent Assets	1,740,686	999,760	414,616	201,889
Total Assets	2,249,576	1,335,425	485,224	296,811
Liabilities				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	132,339	53,499	15,028	23,246
Due to Other Funds	16,345	2,930	3,425	-
Due to Other Governments	-	-	-	-
Current Portion of Long-Term Obligations	48,848	21,442	9,605	38,085
Deferred Revenue	33,324	157,601	1,674	812
Other Current Liabilities	16,305	7,700	-	34,282
Total Current Liabilities	247,161	243,172	29,732	96,425
Noncurrent Liabilities:				
Noncurrent Portion of Long-Term Obligations	341,553	338,210	198,889	194,198
Total Noncurrent Liabilities	341,553	338,210	198,889	194,198
Total Liabilities	588,714	581,382	228,621	290,623
Net Assets (Deficit)				
Invested in Capital Assets, Net of Related Debt	1,384,600	645,613	110,183	2,939
Restricted For:				
Debt Service	10,035	-	27,625	-
Unemployment Compensation	-	-	-	-
Clean and Drinking Water Projects	-	-	-	-
Capital Projects	27,597	-	72,325	-
Nonexpendable Purposes	13,779	1,047	-	-
Bond Indentures	-	-	2,508	-
Loans	6,241	-	-	-
Other Purposes	18,721	28,839	-	6,188
Unrestricted (Deficit)	199,889	78,544	43,962	(2,939)
Total Net Assets (Deficit)	$ 1,660,862	$ 754,043	$ 256,603	$ 6,188

The accompanying notes are an integral part of the financial statements.

Business-Type Activities				Governmental
Enterprise Funds				Activities
Employment Security	Clean Water	Other Funds	Total	Internal Service Funds
$ -	$ -	$ 155,156	$ 628,173	$ 16,849
610,917	-	-	610,917	-
-	-	-	53,361	-
134,687	765	18,740	428,848	833
-	213,911	28,754	247,285	-
-	9,263	1,778	18,691	-
3,686	193	-	8,795	-
691	-	137,164	254,690	3,165
-	-	1,440	11,860	3,763
-	-	-	46,631	-
-	-	725	18,704	77
749,981	224,132	343,757	2,327,955	24,687
-	29,944	22,953	154,333	-
-	39,597	15,459	287,993	-
-	-	-	-	-
-	500,722	40,814	559,743	-
-	285,431	53,787	460,606	-
-	-	481,735	3,347,602	57,771
-	27,474	1,670	46,260	752
-	883,168	616,418	4,856,537	58,523
749,981	1,107,300	960,175	7,184,492	83,210
-	12,017	56,564	292,693	20,122
9,312	-	-	32,012	65,925
33	-	-	33	-
-	23,052	35,164	176,196	255
-	-	4,793	198,204	129
-	-	15,663	73,950	-
9,345	35,069	112,184	773,088	86,431
-	455,034	199,040	1,726,924	9,919
-	455,034	199,040	1,726,924	9,919
9,345	490,103	311,224	2,500,012	96,350
-	-	435,521	2,578,856	49,666
-	-	28,716	66,376	-
740,636	-	-	740,636	-
-	569,248	86,309	655,557	-
-	-	-	99,922	-
-	-	20	14,846	-
-	-	-	2,508	-
-	-	-	6,241	-
-	-	118,012	171,760	-
-	47,949	(19,627)	347,778	(62,806)
$ 740,636	$ 617,197	$ 648,951	$ 4,684,480	$ (13,140)

Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds

For The Fiscal Year Ended June 30, 2008
(Expressed in Thousands)

	Business-Type Activities			
	Enterprise Funds			
	University of Connecticut & Health Center	State Universities	Bradley International Airport	Connecticut Lottery Corporation
Operating Revenues				
Charges for Sales and Services	$ 758,582	$ 284,513	$ 44,698	$ 998,148
Assessments	-	-	-	-
Federal Grants, Contracts and Other Aid	146,543	31,352	-	-
State Grants, Contracts and Other Aid	25,430	15,267		
Private Gifts and Grants	36,293	2,705	-	-
Interest on Loans	-	-	-	-
Other	59,371	16,221	-	207
Total Operating Revenues	1,026,219	350,058	44,698	998,355
Operating Expenses				
Salaries, Wages and Administrative	1,405,157	543,887	39,692	97,938
Lottery Prize Awards	-	-	-	608,218
Unemployment Compensation	-	-	-	-
Claims Paid	-	-	-	-
Depreciation and Amortization	127,886	42,654	17,686	832
Other	77,592	24,310	-	7,812
Total Operating Expenses	1,610,635	610,851	57,378	714,800
Operating Income (Loss)	(584,416)	(260,793)	(12,680)	283,555
Nonoperating Revenue (Expenses)				
Interest and Investment Income	16,987	11,658	6,775	18,573
Interest and Fiscal Charges	(15,897)	-	(10,257)	(17,051)
Other	6,566	3,629	13,103	6
Total Nonoperating Revenues (Expenses)	7,656	15,287	9,621	1,528
Income (Loss) Before Capital Contributions, Grants, and Transfers	(576,760)	(245,506)	(3,059)	285,083
Capital Contributions	6,803	25,364	3,755	-
Federal Capitalization Grants	-	-	-	-
Transfers In	527,874	266,132	9,448	-
Transfers Out	-	-	-	(283,000)
Change in Net Assets	(42,083)	45,990	10,144	2,083
Total Net Assets (Deficit) - Beginning	1,702,945	708,053	246,459	4,105
Total Net Assets (Deficit) - Ending	$ 1,660,862	$ 754,043	$ 256,603	$ 6,188

The accompanying notes are an integral part of the financial statements.

Business-Type Activities				Governmental
Enterprise Funds				Activities
Employment Security	Clean Water	Other Funds	Totals	Internal Service Funds
$ -	$ -	$ 143,218	$ 2,229,159	$ 90,720
563,851	-	44,247	608,098	-
14,874	-	37,851	230,620	-
6,783		16,290	63,770	-
-	-	2,199	41,197	-
-	14,835	1,696	16,531	-
2,890	-	3,789	82,478	170
588,398	14,835	249,290	3,271,853	90,890
-	564	391,016	2,478,254	68,858
-	-	-	608,218	-
631,935	-	-	631,935	-
-	-	37,540	37,540	-
-	-	16,592	205,650	20,061
-	-	19,372	129,086	-
631,935	564	464,520	4,090,683	88,919
(43,537)	14,271	(215,230)	(818,830)	1,971
28,938	23,422	11,007	117,360	220
-	(26,617)	(11,520)	(81,342)	(45)
-	1,563	2,951	27,818	(784)
28,938	(1,632)	2,438	63,836	(609)
(14,599)	12,639	(212,792)	(754,994)	1,362
-	-	-	35,922	-
-	10,737	12,462	23,199	-
-	2,584	284,337	1,090,375	-
(18,671)	-	(9,448)	(311,119)	-
(33,270)	25,960	74,559	83,383	1,362
773,906	591,237	574,392	4,601,097	(14,502)
$ 740,636	$ 617,197	$ 648,951	$ 4,684,480	$ (13,140)

Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2008
(Expressed in Thousands)

	Business-Type Activities – Enterprise Funds			
	University of Connecticut & Health Center	State Universities	Bradley International Airport	Connecticut Lottery Corporation
Cash Flows from Operating Activities				
Receipts from Customers	$ 774,144	$ 300,915	$ 44,158	$ 996,345
Payments to Suppliers	(444,394)	(7,425)	(23,006)	(21,391)
Payments to Employees	(980,625)	(375,466)	(15,840)	(13,873)
Other Receipts (Payments)	277,088	(129,864)	-	(662,027)
Net Cash Provided by (Used in) Operating Activities	(373,787)	(211,840)	5,312	299,054
Cash Flows from Noncapital Financing Activities				
Retirement of Bonds and Annuities Payable	-	-	-	(42,015)
Interest on Bonds and Annuities Payable	-	-	-	(18,508)
Transfers In	440,263	234,463	9,448	-
Transfers Out	-	-	-	(283,000)
Other Receipts (Payments)	24,391	3,602	3,712	6,850
Net Cash Flows from Noncapital Financing Activities	464,654	238,065	13,160	(336,673)
Cash Flows from Capital and Related Financing Activities				
Additions to Property, Plant and Equipment	(96,497)	(33,686)	(11,043)	(2,289)
Proceeds from Capital Debt	-	204	-	-
Principal Paid on Capital Debt	(74,846)	(18,669)	(9,410)	-
Interest Paid on Capital Debt	(54,857)	-	(10,690)	-
Transfer In	112,924	-	-	-
Federal Grant	-	-	-	-
Capital Contributions	-	22,314	1,781	-
Other Receipts (Payments)	(16,305)	10	15,254	-
Net Cash Flows from Capital and Related Financing Activities	(129,581)	(29,827)	(14,108)	(2,289)
Cash Flows from Investing Activities				
Proceeds from Sales and Maturities of Investments	1,365	-	-	41,903
Purchase of Investment Securities	-	(250)	-	(6,843)
Interest on Investments	18,021	12,490	7,146	20,029
(Increase) Decrease in Restricted Assets	-	-	9,681	-
Other Receipts (Payments)	2,172	-	-	-
Net Cash Flows from Investing Activities	21,558	12,240	16,827	55,089
Net Increase (Decrease) in Cash and Cash Equivalents	(17,156)	8,638	21,191	15,181
Cash and Cash Equivalents -Beginning of Year	335,761	211,227	115,804	21,854
Cash and Cash Equivalents -End of Year	$ 318,605	$ 219,865	$ 136,995	$ 37,035
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities				
Operating Income (Loss)	$ (584,416)	$ (260,793)	$ (12,680)	$ 283,555
Adjustments not Affecting Cash:				
Depreciation and Amortization	127,886	42,654	17,686	832
Other	73,950	389	(5)	124
Change in Assets and Liabilities:				
(Increase) Decrease in Receivables, Net	1,230	(34,959)	(540)	(2,330)
(Increase) Decrease in Due from Other Funds	7,366	-	-	-
(Increase) Decrease in Inventories and Other Assets	(6,086)	(323)	-	(400)
Increase (Decrease) in Accounts Payables & Accrued Liabilities	6,283	41,192	851	17,273
Increase (Decrease) in Due to Other Funds	-	-	-	-
Total Adjustments	210,629	48,953	17,992	15,499
Net Cash Provided by (Used In) Operating Activities	$ (373,787)	$ (211,840)	$ 5,312	$ 299,054
Reconciliation of Cash and Cash Equivalents to the Statement of Net Assets				
Cash and Cash Equivalents - Current	$ 266,691	$ 119,897	$ 49,394	
Cash and Cash Equivalents - Noncurrent	1,468	99,968	-	
Cash and Cash Equivalents - Restricted	50,446	-	87,601	
	$ 318,605	$ 219,865	$ 136,995	

The accompanying notes are an integral part of the financial statements.

Business-Type Activities				Governmental
Enterprise Funds				Activities
Employment Security	Clean Water	Other	Totals	Internal Service Funds
$ 562,279	$ 62,694	$ 189,175	$ 2,929,710	$ 98,583
-	-	(80,359)	(576,575)	(43,798)
-	(439)	(311,900)	(1,698,143)	(28,633)
(572,546)	(118,064)	64,956	(1,140,457)	811
(10,267)	(55,809)	(138,128)	(485,465)	26,963
-	(42,520)	(32,570)	(117,105)	-
-	(26,200)	(8,069)	(52,777)	-
-	2,584	245,575	932,333	-
(18,671)	-	(9,448)	(311,119)	-
-	(109,825)	297	(70,973)	-
(18,671)	(175,961)	195,785	380,359	-
-	-	(9,944)	(153,459)	(24,677)
-	-	-	204	-
-	-	-	(102,925)	-
-	-	(3,116)	(68,663)	-
-	-	42,970	155,894	-
-	10,590	14,084	24,674	-
-	-	-	24,095	-
-	-	(101,528)	(102,569)	(205)
-	10,590	(57,534)	(222,749)	(24,882)
-	-	-	43,268	-
-	-	-	(7,093)	-
28,938	23,508	11,414	121,546	220
-	93,180	(2,828)	100,033	-
-	100,834	5,771	108,777	(624)
28,938	217,522	14,357	366,531	(404)
-	(3,658)	14,480	38,676	1,677
-	3,658	140,676	828,980	15,172
$ -	$ -	$ 155,156	$ 867,656	$ 16,849
$ (43,537)	$ 14,271	$ (215,230)	$ (818,830)	$ 1,971
-	-	16,592	205,650	20,061
-	-	(4,604)	69,854	-
(1,514)	(70,080)	71,315	(36,878)	2,880
(58)	-	-	7,308	4,983
31,862	-	(7,776)	17,277	640
-	-	1,575	67,174	(3,572)
2,980	-	-	2,980	-
33,270	(70,080)	77,102	333,365	24,992
$ (10,267)	$ (55,809)	$ (138,128)	$ (485,465)	$ 26,963

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Fiduciary Fund Financial Statements

Investment Trust Fund
External Investment Pool:
to account for the portion of the Short-Term Investment Fund that belongs to participants that are not part of the State's financial reporting entity.

Private Purpose Trust Fund
Escheat Securities:
to account for securities that are held by the State Treasurer for individuals under escheat laws of the State.

Individual fund descriptions and financial statements begin on the following pages:
Pension (and Other Employee Benefit) Trust Funds, page 128
Agency Funds, page 134

Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2008
(Expressed in Thousands)

	Pension & Other Employee Benefit Trust Funds	Investment Trust Fund External Investment Pool	Private-Purpose Trust Fund Escheat Securities	Agency Funds	Total
Assets					
Cash and Cash Equivalents	$ 69,412	$ -	$ -	$ 112,654	$ 182,066
Receivables:					
Accounts, Net of Allowances	16,437	-	-	5,151	21,588
From Other Governments	4,521	-	-	-	4,521
From Other Funds	1,955	-	-	4,795	6,750
Interest	2,365	2,896	-	121	5,382
Investments	25,779,186	974,341	-	-	26,753,527
Inventories	-	-	-	399	399
Securities Lending Collateral	3,018,240	-	-	-	3,018,240
Other Assets	-	24	95,346	333,413	428,783
Total Assets	28,892,116	977,261	95,346	$ 456,533	30,421,256
Liabilities					
Accounts Payable and Accrued Liabilities	1,263	1,724	-	$ 4,705	7,692
Securities Lending Obligation	3,018,240	-	-	-	3,018,240
Due to Other Funds	3,831	-	-	4,712	8,543
Funds Held for Others	-	-	-	447,116	447,116
Total Liabilities	3,023,334	1,724	-	$ 456,533	3,481,591
Net Assets					
Held in Trust For:					
Employees' Pension Benefits (Note 13)	25,778,510	-	-		25,778,510
Other Employee Benefits (Note 15)	90,272	-	-		90,272
Individuals, Organizations, and Other Governments	-	975,537	95,346		1,070,883
Total Net Assets	$ 25,868,782	$ 975,537	$ 95,346		$ 26,939,665

The accompanying notes are an integral part of the financial statements.

Statement of Changes in Fiduciary Net Assets
Fiduciary Funds

For the Fiscal Year Ended June 30, 2008
(Expressed in Thousands)

	Pension & Other Employee Benefit Trust Funds	Investment Trust Fund External Investment Pool	Private-Purpose Trust Fund Escheat Securities	Total
Additions				
Contributions:				
Plan Members	$ 380,781	$ -	$ -	$ 380,781
State	3,728,016	-	-	3,728,016
Municipalities	39,274	-	-	39,274
Total Contributions	4,148,071	-	-	4,148,071
Investment Income	(1,054,669)	60,618	-	(994,051)
Less: Investment Expense	(205,569)	(337)	-	(205,906)
Net Investment Income	(1,260,238)	60,281	-	(1,199,957)
Escheat Securities Received	-	-	30,628	30,628
Pool's Share Transactions	-	(82,884)	-	(82,884)
Transfers In	2,789	-	-	2,789
Other	5,065	-	-	5,065
Total Additions	2,895,687	(22,603)	30,628	2,903,712
Deductions				
Administrative Expense	2,286	-	-	2,286
Benefit Payments and Refunds	2,927,526	-	-	2,927,526
Escheat Securities Returned or Sold	-	-	8,579	8,579
Distributions to Pool Participants	-	60,282	-	60,282
Other	2,788	-	26,465	29,253
Total Deductions	2,932,600	60,282	35,044	3,027,926
Change in Net Assets Held In Trust For:				
Pension and Other Employee Benefits	(36,913)	-	-	(36,913)
Individuals, Organizations, and Other Governments	-	(82,885)	(4,416)	(87,301)
Net Assets - Beginning (as restated)	25,905,695	1,058,422	99,762	27,063,879
Net Assets - Ending	$ 25,868,782	$ 975,537	$ 95,346	$ 26,939,665

The accompanying notes are an integral part of the financial statements.

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Component Unit Financial Statements

Major Component Units

Connecticut Housing Finance Authority:
the Connecticut Housing Finance Authority is a public instrumentality and political subdivision of the State created for the purpose of increasing the housing supply and encouraging and assisting in the purchase, development and construction of housing for low and moderate income families throughout the State.

Connecticut Health and Educational Facilities Authority:
the Connecticut Health and Educational Facilities Authority is a public instrumentality and political subdivision of the State. The Authority was created to assist certain health care institutions, institutions of higher education, and qualified for-profit and not-for-profit institutions in the financing and refinancing of projects to be undertaken in relation to programs for these institutions.

Nonmajor:
The nonmajor component units are presented beginning on page 138.

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Statement of Net Assets
Component Units

June 30, 2008

(Expressed in Thousands)

Assets	Connecticut Housing Finance Authority (12-31-07)	Connecticut Health and Educational Facilities Authority	Other Component Units	Total
Current Assets:				
Cash and Cash Equivalents	$ -	$ 23,199	$ 204,106	$ 227,305
Investments	-	-	381,095	381,095
Receivables:				
Accounts, Net of Allowances	-	174	29,141	29,315
Loans, Net of Allowances	-	-	20,250	20,250
Other	-	-	962	962
Due From Primary Government	-	-	12,800	12,800
Restricted Assets	584,040	1,139,562	81,785	1,805,387
Inventories	-	-	3,710	3,710
Other Current Assets	-	156	2,209	2,365
Total Current Assets	584,040	1,163,091	736,058	2,483,189
Noncurrent Assets:				
Investments	-	-	40,573	40,573
Accounts, Net of Allowances	-	-	26,164	26,164
Loans, Net of Allowances	-	-	125,445	125,445
Restricted Assets	3,998,044	2,247	72,930	4,073,221
Capital Assets, Net of Accumulated Depreciation	3,517	296	421,274	425,087
Other Noncurrent Assets	-	-	9,780	9,780
Total Noncurrent Assets	4,001,561	2,543	696,166	4,700,270
Total Assets	4,585,601	1,165,634	1,432,224	7,183,459
Liabilities				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	31,549	1,739	39,063	72,351
Current Portion of Long-Term Obligations	166,202	-	27,547	193,749
Amount Held for Institutions	-	1,139,532	-	1,139,532
Other Liabilities	28,121	-	11,184	39,305
Total Current Liabilities	225,872	1,141,271	77,794	1,444,937
Noncurrent Liabilities:				
Noncurrent Portion of Long-Term Obligations	3,543,532	2,247	352,294	3,898,073
Total Noncurrent Liabilities	3,543,532	2,247	352,294	3,898,073
Total Liabilities	3,769,404	1,143,518	430,088	5,343,010
Net Assets				
Invested in Capital Assets, Net of Related Debt	3,517	296	301,093	304,906
Restricted:				
Debt Service	-	-	17,181	17,181
Bond Indentures	812,680	-	-	812,680
Expendable Endowments	-	-	109,978	109,978
Nonexpendable Endowments	-	-	249,762	249,762
Other Purposes	-	-	51,151	51,151
Unrestricted	-	21,820	272,971	294,791
Total Net Assets	$ 816,197	$ 22,116	$ 1,002,136	$ 1,840,449

The accompanying notes are an integral part of the financial statements.

Statement of Activities
Component Units

For The Fiscal Year Ended June 30, 2008
(Expressed in Thousands)

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Connecticut Housing Finance Authority (12/31/07)	$ 203,835	$ 183,901	$ -	$ -
Connecticut Health and Educational Facilities Authority	5,199	6,019	-	-
Other Component Units	276,696	221,288	7,900	7,780
Total Component Units	$ 485,730	$ 411,208	$ 7,900	$ 7,780
General Revenues:				
Investment Income (Loss)				
Contributions to Endowments				
Total General Revenues, and Contributions				
Change in Net Assets				
Net Assets - Beginning				
Net Assets - Ending				

The accompanying notes are an integral part of the financial statements.

	Net (Expense) Revenue and Changes in Net Assets			
	Connecticut Housing Finance Authority (12-31-07)	**Connecticut Health & Educational Facilities Authority**	**Other Component Units**	**Totals**
	$ (19,934)	$ -	$ -	$ (19,934)
	-	820	-	820
	-	-	(39,728)	(39,728)
	(19,934)	820	(39,728)	(58,842)
	79,938	836	(7,171)	73,603
	-	-	38,162	38,162
	79,938	836	30,991	111,765
	60,004	1,656	(8,737)	52,923
	756,193	20,460	1,010,873	1,787,526
	$ 816,197	$ 22,116	$ 1,002,136	$ 1,840,449

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Notes to the Financial Statements
June 30, 2008

Note 1 Summary of Significant Accounting Policies

a. Basis of Presentation
The accompanying financial statements of the State of Connecticut have been prepared in conformity with generally accepted accounting principles as prescribed in pronouncements of the Governmental Accounting Standards Board, except for the financial statements of the University of Connecticut Foundation, Incorporated (a component unit). Those statements are prepared according to generally accepted accounting principles as prescribed in pronouncements of the Financial Accounting Standards Board.

b. Reporting Entity
For financial reporting purposes, the State's reporting entity includes the "primary government" and its "component units." The primary government includes all funds, agencies, departments, bureaus, commissions, and component units that are considered an integral part of the State's legal entity. Component units are legally separate organizations for which the State is financially accountable. Financial accountability exists if (1) the State appoints a voting majority of the organization's governing board, and (2) the State is able to impose its will on the organization, or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the State. The State also includes a nongovernmental nonprofit corporation as a component unit because it would be misleading to exclude the corporation from the reporting entity. Component units are reported in the financial statements in a separate column (discrete presentation), or as part of the primary government (blending presentation).

Discretely Presented Component Units
Discretely presented component units include legally separate organizations for which the State appoints a voting majority of the organization's governing board and is contingently liable for the organization's debt or provides funding for the organization's programs (applies only to the Connecticut Innovations, Incorporated and the Capital City Economic Development Authority). In addition, a nongovernmental nonprofit corporation is included as a discretely presented component unit because of the nature and significance of its relationship with the State are such that it would be misleading to exclude the corporation from the State's reporting entity. The following organizations are reported in separate columns and rows in the government-wide financial statements to emphasize that they are legally separate from the primary government:

Connecticut Development Authority
The Authority is a public instrumentality and political subdivision of the State. It was created to stimulate industrial and commercial development within the State through its Self-Sustaining Bond, Umbrella, and Insurance programs as well as other economic development programs.

Connecticut Housing Finance Authority
The Authority is a public instrumentality and political subdivision of the State. It was created for the purpose of increasing the housing supply and encouraging and assisting in the purchase, development, and construction of housing for low and moderate-income families and persons throughout the State. The Authority's fiscal year is for the period ending on December 31, 2007.

Connecticut Resources Recovery Authority
The Authority is a public instrumentality and political subdivision of the State. It is responsible for implementing the State Solid Waste Management Plan by determining the location of and constructing solid waste management projects; owning, operating, and maintaining waste management projects; or making provisions for operation and maintenance by contracting with private industry.

Connecticut Higher Education Supplemental Loan Authority
The Authority is a public instrumentality and political subdivision of the State. It was created to assist students, their parents, and institutions of higher education to finance the cost of higher education through its Bond funds.

Connecticut Health and Educational Facilities Authority
The Authority is a public instrumentality and political subdivision of the State. The purpose of the Authority is to assist certain health care institutions, institutions of higher education, and qualified for-profit and not-for-profit institutions in the financing and refinancing of projects to be undertaken in relation to programs for these institutions.

Connecticut Innovations, Incorporated
The Authority is a public instrumentality and political subdivision of the State. It was established to stimulate and promote technological innovation and application of technology within Connecticut and encourage the development of new products, innovations, and inventions or markets in Connecticut by providing financial and technical assistance.

Capital City Economic Development Authority
The Authority is a public instrumentality and political subdivision of the State. It was established in 1998 to stimulate new investment in Connecticut; to attract and service large conventions, tradeshows, exhibitions, conferences, and local consumer shows, exhibitions and events; to encourage the diversification of the state economy; to strengthen Hartford's role as the region's major business and industry employment center and seat of government; to encourage residential housing development in downtown Hartford; and to construct, operate, maintain and market a convention center project in Hartford.

University of Connecticut Foundation, Incorporated
The University of Connecticut Foundation, Incorporated is a nongovernmental nonprofit corporation created exclusively to solicit, receive, and administer gifts and financial resources from private sources for the benefit of all campuses and programs of the University of Connecticut and Health Center, a major Enterprise fund.

Financial statements for the major component units are included in the accompanying financial statements after the fund

financial statements. Audited financial statements issued separately by each component unit can be obtained from their respective administrative offices.

Blended Component Units

Connecticut Lottery Corporation

The Connecticut Lottery Corporation is a legally separate organization for which the State appoints a voting majority of the Corporation's governing board and which provides a significant amount of revenues to the State. The corporation is reported as part of the primary government's business-type activities in the government-wide financial statements and as a major Enterprise fund in the fund financial statements.

c. Government-wide and Fund Financial Statements

Government-wide Financial Statements

The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the primary government and its component units. These statements distinguish between the governmental and business-type activities of the primary government by using separate columns and rows. Governmental activities are generally financed through taxes and intergovernmental revenues. Business-type activities are financed in whole or in part by fees charged to external parties. For the most part, the effect of interfund activity has been removed from these statements.

The Statement of Net Assets presents the reporting entity's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

1. Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds issued to buy, construct, or improve those assets.

2. Restricted net assets result when constraints placed on net assets use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.

3. Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect expenses are not allocated to the various functions or segments. Program revenues include a) fees, fines, and charges paid by the recipients of goods or services offered by the functions or segments and b) grants and contributions that are restricted to meeting the operational or capital needs of a particular function or segment. Revenues that are not classified as program revenues, including all taxes, are reported as general revenues.

Fund Financial Statements

The fund financial statements provide information about the State's funds, including its fiduciary funds and blended component units. Separate statements for each fund category (governmental, proprietary, and fiduciary) are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

The State reports the following major governmental funds:

General Fund - This is the State's primary operating fund. It is used to account for all financial resources which are not required to be accounted in other funds and which are spent for those services normally provided by the State (e.g., health, social assistance, education, etc.).

Debt Service - This fund is used to account for the resources accumulated and payments made for principal and interest on special tax obligation bonds of the Transportation fund.

Transportation - This fund is used to account for motor fuel taxes, vehicle registration and driver license fees, and other revenue collected for the purpose of payment of transportation related bonds and budgeted appropriations of the Department of Transportation. The Department of Transportation is responsible for all aspects of the planning, development, maintenance, and improvement of transportation in the State.

Restricted Grants and Accounts - This fund is used to account for resources which are restricted by Federal and other providers to be spent for specific purposes.

The State reports the following major enterprise funds:

University of Connecticut & Health Center - This fund is used to account for the operations of the University of Connecticut a comprehensive institution of higher education, which includes the University of Connecticut Health Center and John Dempsey Hospital.

State Universities - This fund is used to account for the operations of the State University System which consists of four universities: Central, Eastern, Southern, and Western.

Bradley International Airport - This fund is used to account for the financial activities of the Bradley International Airport, which is owned and operated by the State.

Connecticut Lottery Corporation - This fund is used to account for the financial activities of the State's lottery. The Corporation was created in 1996 for the purpose of generating revenues for the State's General Fund.

Employment Security - This fund is used to account for unemployment insurance premiums from employers and the payment of unemployment benefits to eligible claimants.

Clean Water - This fund is used to account for resources used to provide loans to municipalities to finance waste water treatment facilities.

In addition, the State reports the following fund types:

Internal Service Funds - These funds account for goods and services provided to other agencies of the State on a cost-reimbursement basis. These goods and services include prisoner-built office furnishings, information services support, telecommunications, printing, and other services.

Pension (and Other Employee Benefits) Trust Funds - These funds account for resources held in trust for the members and beneficiaries of the State's defined benefit pension plans and other employee benefits plans. These plans are discussed more fully in Notes 11, 12, and 14.

Investment Trust Fund - This fund accounts for the external portion of the State's Short-Term Investment Fund, an investment pool managed by the State Treasurer.

Private-Purpose Trust Fund - This fund accounts for escheat securities held in trust for individuals by the State Treasurer.

Agency Funds - These funds account for deposits, investments, and other assets held by the State as an agent for inmates and patients of State institutions, insurance companies, municipalities, and private organizations.

d. Measurement Focus and Basis of Accounting

Government-wide, Proprietary, and Fiduciary Fund Financial Statements

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred, regardless of when the related cash flows take place. Taxes and casino gaming payments are recognized as revenues in the period when the underlying exchange transaction has occurred. Grants and similar items are recognized as revenues in the period when all eligibility requirements imposed by the provider have been met.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the State's enterprise and internal service funds are charges to customers for sales and services, assessments, and intergovernmental revenues. Operating expenses for enterprise and internal service funds include salaries, wages, and administrative expenses, unemployment compensation, claims paid, and depreciation expense. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. This option is followed by the following component units of the State: the Connecticut Development Authority and the Connecticut Health and Educational Facilities Authority.

Governmental Fund Financial Statements

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The State considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year-end. Sales and use taxes, personal income taxes, public service corporation taxes, special fuel taxes, federal grants, and casino gaming payments are considered to be susceptible to accrual. Licenses, permits, and fees are not considered to be susceptible to accrual and are recognized as revenues when the cash is collected. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, compensated absences, and claims and judgments, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general-long term debt and acquisitions under capital leases are reported as other financing sources.

When both restricted and unrestricted resources are available for use, it is the State's policy to use unrestricted resources first, and then restricted resources, as they are needed.

e. Budgeting Process

By statute, the Governor must submit the State budget to the General Assembly in February of every other year. Prior to June 30, the General Assembly enacts the budget through the passage of appropriation acts for the next two fiscal years and sets forth revenue estimates for the same period for the following funds: the General Fund, the Transportation Fund, the Mashantucket Pequot Fund, the Workers' Compensation Administration Fund, the Banking Fund, the Consumer Counsel and Public Utility Control Fund, the Insurance Fund, the Criminal Injuries Fund, the Soldiers, Sailors, and Marines Fund and the Regional Market Operations Fund. Under the State Constitution, the Governor has the power to veto any part of the itemized appropriations bill and to accept the remainder of the bill. However, the General Assembly may separately reconsider and repass the disapproved items by a two-thirds majority vote of both the Senate and the House.

Budgetary control is maintained at the individual appropriation account level by agency as established in authorized appropriation bills and is reported in the Annual Report of the State Comptroller. A separate document is necessary because the level of legal control is more detailed than reflected in the

CAFR. Before an agency can utilize funds appropriated for a particular purpose, such funds must be allotted for the specific purpose by the Governor and encumbered by the Comptroller upon request by the agency. Such funds can then be expended by the Treasurer only upon a warrant, draft or order of the Comptroller drawn at the request of the responsible agency. The allotment process maintains expenditure control over special revenue, enterprise, and internal service funds that are not budgeted as part of the annual appropriation act.

The Governor has the power under Connecticut statute to modify budgetary allotment requests for the administration, operation and maintenance of a budgeted agency. However, the modification cannot exceed 3 percent of the fund or 5 percent of the appropriation amount. Modifications beyond those limits, but not in excess of 5 percent of the total funds require the approval of the Finance Advisory Committee. The Finance Advisory Committee is comprised of the Governor, the Lieutenant Governor, the Treasurer, the Comptroller, two senate members, not of the same political party, and three house members, not more than two of the same political party. Additional reductions of appropriations of more than 5 percent of the total appropriated fund can be made only with the approval of the General Assembly.

All funds, except fiduciary funds, use encumbrance accounting. Under this method of accounting, purchase orders, contracts, and other commitments for the expenditures of the fund are recorded in order to reserve that portion of the applicable appropriation. All encumbrances lapse at year-end and, generally, all appropriations lapse at year-end except for certain continuing appropriations (continuing appropriations are defined as carryforwards of spending authority from one fiscal budget into a subsequent budget). The continuing appropriations include: appropriations continued for a one-month period after year-end which are part of a program that was not renewed the succeeding year; appropriations continued the entire succeeding year, as in the case of highway and other capital construction projects; and appropriations continued for specified amounts for certain special programs. Carryforward appropriations are reported as reservations of the fund balance in the financial statements.

The budget is prepared on a "modified cash" basis of accounting under which revenues are recognized when received, except for certain taxes which are recognized when earned. Tax revenues recognized when earned include the following: sales and use, personal income, corporation, public service corporations, petroleum companies, cigarettes, alcoholic beverages, gasoline, special motor fuel, and motor carrier road. Under the modified cash basis, expenditures are recognized when paid. A comparison of actual results of operations recorded on this basis and the adopted budget is presented in the financial statements for the General and Transportation funds. During the 2008 fiscal year, the original adopted budget was adjusted by the General Assembly and the Finance Advisory Committee.

f. Assets and Liabilities

Cash and Cash Equivalents (see Note 4)

In addition to petty cash and bank accounts, this account includes cash equivalents – short-term, highly liquid investments with original maturities of three months or less when purchased. Cash equivalents include investments in the Short-Term Investment Fund ("STIF") and the Tax Exempt Proceeds Fund, Inc. ("TEPF"). TEPF is a short-term, tax-exempt money market fund reported under the Investment Company Act of 1940. Investments in STIF and TEPF are reported at the fund's share price.

In the Statement of cash flows, certain Enterprise funds exclude from cash and cash equivalents investments in STIF reported as noncurrent or restricted assets.

Investments (see Note 4)

Investments include Equity in Combined Investment Funds and other investments. Equity in Combined Investment Funds is reported at fair value based on the funds' current share price. Other investments are reported at fair value, except for the following investments which are reported at cost or amortized cost:

- Nonparticipating interest-earning investment contracts.
- Money market investments that mature within one year or less at the date of their acquisition.
- Investments of the External Investment Pool fund (an Investment Trust fund).

The fair value of other investments is determined based on quoted market prices except for:

- The fair value of State bonds held by the Clean Water and Drinking Water funds (Enterprise funds) which is estimated using a comparison of other State bonds.
- The fair value of equity and debt securities held by the Connecticut Innovations, Incorporated, a component unit. The fair value of these investments is determined by the Valuation Committee of the Corporation, after giving consideration to pertinent information about the companies comprising the investments, including but not limited to recent sales prices of the issuer's securities, sales growth, progress toward business goals, and other operating data.

The State invests in derivatives. These investments are held by the Combined Investment Funds and are reported at fair value in each fund's statement of net assets.

Inventories

Inventories are reported at cost. Cost is determined by the first-in first-out (FIFO) method. Inventories in the governmental funds consist of expendable supplies held for consumption whose cost was recorded as an expenditure at the time the individual inventory items were purchased. Reported inventories in these funds are offset by a fund balance reserve to indicate that they are unavailable for appropriation.

Capital Assets and Depreciation

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, railways, and similar items), are reported in the applicable governmental or

business-type activities columns in the government-wide financial statements. Capital assets are defined by the State as assets with an initial individual cost of more than $1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated fair market value at the date of donation.

Collections of historical documents, rare books and manuscripts, guns, paintings, and other items are not capitalized. These collections are held by the State Library for public exhibition, education, or research; and are kept protected, cared for, and preserved indefinitely. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are also not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings	40
Improvements Other than Buildings	10-20
Machinery and Equipment	5-30
Infrastructure	20-28

Securities Lending Transactions (see Note 4)
Assets, liabilities, income, and expenses arising from securities lending transactions of the Combined Investment Funds are allocated ratably to the participant funds based on their equity in the Combined Investment Funds.

Deferred Revenues
In the government-wide and fund financial statements, this liability represents resources that have been received, but not yet earned. In the fund financial statements, this liability also represents revenues considered measurable but not available during the current period.

Long-term Obligations
In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net assets. Bond premiums and issuance costs are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. Other long-term obligations include compensated absences, workers' compensation claims, capital leases, claims and judgments, annuities payable, and the net pension and OPEB obligations.

In the fund financial statements, governmental fund types recognize bond premiums and bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Capital Appreciation Bonds
Capital appreciation (deep-discount) bonds issued by the State, unlike most bonds, which pay interest semi-annually, do not pay interest until the maturity of the bonds. An investor who purchases a capital appreciation bond at its discounted price and holds it until maturity will receive an amount which equals the initial price plus an amount which has accrued over the life of the bond on a semiannual compounding basis. The net value of the bonds is accreted (the discount reduced), based on this semiannual compounding, over the life of the bonds. This deep-discount debt is reported in the government-wide statement of net assets at its net or accreted value rather than at face value.

Compensated Absences
The liability for compensated absences reported in the government-wide and proprietary fund statements consist of unpaid, accumulated vacation and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

Vacation and sick policy is as follows: Employees hired on or before June 30, 1977, and managers regardless of date hired can accumulate up to a maximum of 120 vacation days. Employees hired after that date can accumulate up to a maximum of 60 days. Upon termination or death, the employee is entitled to be paid for the full amount of vacation days owed. No limit is placed on the number of sick days that an employee can accumulate. However, the employee is entitled to payment for accumulated sick time only upon retirement, or after ten years of service upon death, for an amount equal to one-fourth of his/her accrued sick leave up to a maximum payment equivalent to sixty days.

g. Fund Balance
In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

h. Interest Rate Swap Agreements
The State has entered into interest rate swap agreements to modify interest rates on outstanding debt. Other than the net interest expenditures resulting from these agreements, no amounts are recorded in the financial statements (see Note 18).

i. Interfund Activities
In the fund financial statements, interfund activities are reported as follows:

Interfund receivables/payables - The current portion of interfund loans outstanding at the end of the fiscal year is reported as due from/to other funds; the noncurrent portion as advances to/from other funds. All other outstanding balances between funds are reported as due from/to other funds. Any residual balances outstanding between the governmental

activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Interfund services provided and used - Sales and purchases of goods and services between funds for a price approximating their external exchange value. Interfund services provided and used are reported as revenues in seller funds and expenditures or expenses in purchaser funds. In the statement of activities, transactions between the primary government and its discretely presented component units are reported as revenues and expenses, unless they represent repayments of loans or similar activities.

Interfund transfers - Flows of assets without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers. In proprietary funds, transfers are reported after nonoperating revenues and expenses.

Interfund reimbursements - Repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them. Reimbursements are not reported in the financial statements.

j. Food Stamps

Food stamps distributed to recipients during the year are recognized as both an expenditure and a revenue in the governmental fund financial statements.

k. External Investment Pool

Assets and liabilities of the Short-Term Investment Fund are allocated ratably to the External Investment Pool Fund based on its investment in the Short-Term Investment Fund (see Note 4). Pool income is determined based on distributions made to the pool's participants.

l. Use of Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

Note 2 Budgetary vs. GAAP Basis of Accounting

The following is a reconciliation of the net change in fund balances as reported in the budgetary and GAAP basis of accounting statements of revenues, expenditures, and changes in fund balances (amounts in thousands):

	General Fund	Transportation Fund
Net change in fund balances (budgetary basis)	$ 99,420	$ (14,677)
Adjustments:		
Increases (decreases) in revenue accruals:		
Receivables and Other Assets	(238,498)	(2,161)
(Increases) decreases in expenditure accruals:		
Accounts Payable and Other Liabilities	60,353	(11,215)
Salaries and Fringe Benefits Payable	(14,044)	(987)
Decrease in Continuing Appropriations	(326,972)	(1,968)
Fund Reclassification-Bus Operations	-	155
Net change in fund balances (GAAP basis)	$ (419,741)	$ (30,853)

The major differences between the budgetary (legal) and the GAAP (generally accepted accounting principles) basis of accounting as reconciled above are as follows:

1. Revenues are recorded when received in cash except for certain year-end accruals (budgetary basis) as opposed to revenues being recorded when they are susceptible to accrual (GAAP basis).

2. Expenditures are recorded when paid in cash (budgetary basis) as opposed to expenditures being recorded when the related fund liability is incurred (GAAP basis).

3. For budgetary reporting purposes, continuing appropriations are reported with other financing sources and uses in the determination of the budgetary surplus or deficit to more fully demonstrate compliance with authorized spending for the year. For GAAP purposes, continuing appropriations are excluded from operations and reported as reserved fund balance.

Note 3 Nonmajor Fund Deficits

The following funds have deficit fund/net assets balances at June 30, 2008, none of which constitutes a violation of statutory provisions (amounts in thousands).

Capital Projects	
State Facilities	$ 233,621
Enterprise	
Bradley Parking Garage	$ 16,233
Rate Reduction Bond Operations	$ 90,582
Internal Service	
Administrative Services	$ 35,575

Note 4 Cash Deposits and Investments

According to GASB Statement No. 40, "*Deposit and Investment Risk Disclosures*", the State needs to make certain disclosures about deposit and investment risks that have the potential to result in losses. Thus, the following deposit and investment risks are discussed in this note:

Interest Rate Risk - the risk that changes in interest rates will adversely affect the fair value of an investment.
Credit Risk - the risk that an issuer or other counterparty to an investment will not fulfill its obligations.
Concentration of Credit Risk - the risk of loss attributed to the magnitude of an investment in a single issuer.
Custodial Credit Risk (deposits) - the risk that, in the event of a bank failure, the State's deposits may not be recovered.
Custodial Credit Risk (investments) - the risk that, in the event of a failure of the counterparty, the State will not be able to recover the value of investments or collateral securities that are in the possession of an outside party.
Foreign Currency Risk - the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit.

Primary Government

The State Treasurer is the chief fiscal officer of State government and is responsible for the prudent management and investment of monies of State funds and agencies as well

as monies of pension and other trust funds. The State Treasurer with the advice of the Investment Advisory Council, whose members include outside investment professionals and pension beneficiaries, establishes investment policies and guidelines. Currently, the State Treasurer manages one Short-Term Investment Fund, one Medium-Term Investment Fund, and eleven Combined Investment Funds.

Short-Term Investment Fund (STIF)

STIF is a money market investment pool in which the State, municipal entities, and political subdivisions of the State are eligible to invest. The State Treasurer is authorized to invest monies of STIF in United States government and agency obligations, certificates of deposit, commercial paper, corporate bonds, savings accounts, bankers' acceptances, repurchase agreements, asset-backed securities, and student loans. STIF's investments are reported at amortized cost (which approximates fair value) in the fund's statement of net assets.

For financial reporting purposes, STIF is considered to be a mixed investment pool – a pool having external and internal portions. The external portion of STIF (i.e. the portion that belongs to participants which are not part of the State's financial reporting entity) is reported as an investment trust fund (External Investment Pool fund) in the fiduciary fund financial statements. The internal portion of STIF (i.e., the portion that belongs to participants that are part of the State's financial reporting entity) is not reported in the accompanying financial statements. Instead, investments in the internal portion of STIF by participant funds are reported as cash equivalents in the government-wide and fund financial statements.

As of June 30, 2008, STIF had the following investments and maturities (amounts in thousands):

Short-Term Investment Fund

Investment Type	Amortized Cost	Investment Maturities (in years) Less Than 1	1-5
Floating Rate Notes	$ 708,204	$ 636,607	$ 71,597
Secured Liquidity Notes	47,019	47,019	-
Federal Agency Securities	922,160	922,160	-
Repurchase Agreements	820,912	820,912	-
Money Market Funds	450,000	450,000	-
Total Investments	$ 2,948,295	$ 2,876,698	$ 71,597

Interest Rate Risk

The STIF's policy for managing interest rate risk is to limit investment to a very short weighted average maturity, not to exceed 90 days, and to comply with Standard and Poor's requirement that the weighted average maturity not to exceed 60 days. As of June 30, 2008, the weighted average maturity of the STIF was 19 days. Additionally, STIF is allowed by policy to invest in floating-rate securities, and investments in such securities with maturities greater than two years is limited to no more than 20 percent of the overall portfolio. For purposes of the fund's weighted average maturity calculation, variable-rate securities are calculated using their rate reset date. Because these securities reprice frequently to prevailing market rates, interest rate risk is substantially reduced. As of June 30, 2008, the amount of STIF's investments in variable-rate securities was $855 million.

Credit Risk

The STIF's policy for managing credit risk is to invest in debt securities that fall within the highest short-term or long-term rating categories by nationally recognized rating organizations. As of June 30, 2008, STIF's investments were rated by Standard and Poor's as follows (amounts in thousands):

Short-Term Investment Fund

Investment Type	Amortized Cost	Quality Ratings AAA	AA	A	D
Floating Rate Notes	$ 708,204	$ 330,165	$ 200,789	$ 119,918	$ 57,332
Secured Liquidity Notes	47,019	-	-	47,019	-
Federal Agency Securities	922,160	922,160	-	-	-
Repurchase Agreements	820,912	-	-	820,912	-
Money Market Funds	450,000	450,000	-	-	-
Total Investments	$ 2,948,295	$ 1,702,325	$ 200,789	$ 987,849	$ 57,332

Concentration of Credit Risk

STIF reduces its exposure to this risk by requiring that not more than 10 percent of its portfolio be invested in securities of any one issuer, except for overnight or two-business day repurchase agreements and U.S. government and agency securities. As of June 30, 2008, STIF's investments in any one issuer that represents more than 5 percent of total investments were as follows (amounts in thousands):

Investment Issuer	Amortized Cost
Bank of America	$ 849,096
FHLB	$ 174,421
FHLMC	$ 398,679
FNMA	$ 299,253

Custodial Credit Risk-Bank Deposits-Nonnegotiable Certificate of Deposits (amounts in thousands):

The STIF follows policy parameters that limit deposits in any one entity to a maximum of ten percent of assets. Further, the certificate of deposits must be issued from commercial banks whose short-term debt is rated at least A-1 by Standard and Poor's and F-1 by Fitch and whose long-term debt is rated at least A and its issuer rating is at least "C". As of June 30, 2008, $2,099,600 of the bank balance of STIF's deposits of $2,100,000 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	$ 1,889,600
Uninsured and collateral held by trust department of either the pledging bank or another bank not in the name of the State	210,000
Total	$ 2,099,600

Short-Term Plus Investment Fund (STIF Plus)

STIF Plus is a money market and short-term bond investment pool in which the State, municipal entities, and political subdivisions of the State are eligible to invest. The State Treasurer is authorized to invest monies of STIF Plus in U.S. government and agency obligations, certificates of deposit, commercial paper, corporate bonds, saving accounts, bankers' acceptance, repurchase agreements, and asset-backed securities. STIF Plus' investments are reported at fair value on the fund's statement of net assets.

For financial reporting purposes, STIF Plus is considered to be an internal investment pool and is not reported in the accompanying financial statements. Instead, investments in STIF Plus by participant funds are reported as other investments in the government-wide and fund financial statements.

As of June 30, 2008, STIF Plus had the following investments and maturities (amount in thousands):

Short-Term Plus Investment Fund

		Investment Maturities (in years)	
Investment Type	Fair Value	Less Than 1	1-5
Federal Agency Securities	$ 88,065	$ 5,036	$ 83,029
Corporate Notes	77,674	4,135	73,539
Asset Backed Securities	21,746	9,160	12,586
Repurchase Agreements	12,069	12,069	-
Total Investments	$ 199,554	$ 30,400	$ 169,154

Interest Rate Risk

STIF Plus' policy for managing this risk is to perform, on a quarterly basis, an interest rate sensitivity analysis on the duration and the market value of the portfolio to determine the potential effect of a 200 basis point movement in interest rates. As of June 30, 2008, the weighted average maturity of STIF Plus was 303 days. In addition, STIF Plus is allowed to invest in floating-rate debt securities. For purposes of the fund's weighted average maturity calculation, variable-rate securities are calculated using their rate reset date. Because these securities reprise frequently to prevailing market rates, interest rate risk is substantially reduced. As of June 30, 2008, STIF Plus's investment in variable-rate securities was $94.9 million.

Credit Risk

The STIF Plus manages its credit risk by investing only in debt securities that fall within the highest short-term or long-term rating categories by nationally recognized rating organizations. As of June 30, 2008, STIF Plus' investments were rated by Standard and Poor's as follows (amounts in thousands):

Short-Term Plus Investment Fund

		Quality Ratings		
Investment Type	Fair Value	AAA	AA	A
Federal Agency Securities	$ 88,065	$ 88,065	$ -	$ -
Corporate Notes	77,674	14,913	53,889	8,872
Asset Backed Securities	21,746	20,718	728	300
Repurchase Agreements	12,069	-	-	12,069
Total	$ 199,554	$ 123,696	$ 54,617	$ 21,241

Concentration of Credit Risk

STIF Plus' policy for managing this risk is to limit the amount it may invest in any single federal agency to an amount not to exceed 15 percent. As of June 30, 2008, STIF Plus' investments in any one issuer that represents more than 5 percent of total investments were as follows (amounts in thousands):

Investment Issuer	Fair Value
Bank of America	$ 21,981
Citigroup	$ 14,620
FHLB	$ 37,678
FHLMC	$ 30,270
FNMA	$ 15,090
General Electric	$ 14,913
Wells Fargo	$ 14,857

Custodial Credit Risk-Bank Deposits-Nonnegotiable Certificate of Deposits (amounts in thousands)

The STIF Plus follows policy parameters that limit deposits in any one entity to a maximum of five percent of total assets. Further, the certificates of deposits must be issued from commercial banks whose short-term debt is rated at least A-1 by Standard and Poor's and F-1 by Fitch and whose long-term debt is rated at least AA- or which carry an unconditional letter of guarantee from such a bank that meets the short-term debt rating requirements. As of June 30, 2008, $109,600 of the bank balance of STIF Plus' deposits of $110,000 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	$ 98,600
Uninsured and collateral held by trust department of either the pledging bank or another bank not in the name of the State	11,000
Total	$ 109,600

Combined Investment Funds (CIFS)

The CIFS are open-ended, unitized portfolios in which the State pension trust and permanent funds are eligible to invest. The State pension trust and permanent funds own the units of the CIFS. The State Treasurer is also authorized to invest monies of the CIFS in a broad range of fixed income and equity securities, as well as real estate properties, mortgages and private equity. CIFS' investments are reported at fair value in each fund's statement of net assets.

For financial reporting purposes, the CIFS are considered to be internal investment pools and are not reported in the accompanying financial statements. Instead, investments in the CIFS by participant funds are reported as equity in the CIFS in the government-wide and fund financial statements. As of June 30, 2008, the amount of equity in the CIFS reported in the financial statements was as follows (amounts in thousands):

	Primary Government		
	Governmental Activities	Business-Type Activities	Fiduciary Funds
Equity in the CIFS	$ 92,014	$ 623	$ 25,779,186
Other Investments	646,816	52,738	974,341
Total Investments-Current	$ 738,830	$ 53,361	$ 26,753,527

As of June 30, 2008, the CIFS had the following investments and maturities (amounts in thousands):

Combined Investment Funds

Investment Type	Fair Value	Investment Maturities (in Years) Less Than 1	1 - 5	6 - 10	More Than 10
Cash Equivalents	$ 1,287,507	$ 1,248,429	$ 25,119	$ -	$ 13,959
Asset Backed Securities	267,219.0	885	213,715	52,619	-
Government Securities	2,596,352.0	332,630	569,493	453,363	1,240,866
Government Agency Securities	1,646,888.0	529	19,300	47,830	1,579,229
Mortgage Backed Securities	956,383.0	5,640	23,499	47,136	880,108
Corporate Debt	2,108,881.0	179,950	721,380	766,588	440,963
Convertible Debt	28,276.0	2,224	18,599	2,675	4,778
Mutual Fund	387,049.0	-	-	-	387,049
Total Debt Instruments	9,278,555	$ 1,770,287	$ 1,591,105	$ 1,370,211	$ 4,546,952
Common Stock	13,809,214				
Preferred Stock	105,945				
Real Estate Investment Trust	102,406				
Mutual Fund	186,304				
Limited Liability Corporation	4,242				
Trusts	5,864				
Limited Partnerships	2,636,631				
Total Investments	$ 26,129,161				

Interest Rate Risk

CIFS' investment managers are given full discretion to manage their portion of CIFS' assets within their respective guidelines and constraints. The guidelines and constraints require each manager to maintain a diversified portfolio at all times. In addition, each core manager is required to maintain a target duration that is similar to its respective benchmark which is typically the Lehman Brother Aggregate-an intermediate duration index.

Credit Risk

The CIFS minimizes exposure to this risk in accordance with a comprehensive investment policy statement, as developed by the Office of the Treasurer and the State's Investment Advisory Council, which provides policy guidelines for the CIFS and includes an asset allocation plan. The asset allocation plan's main objective is to maximize investment returns over the long term at an acceptable level of risk. As of June 30, 2008, CIFS' debt investments were rated by Moody's as follows (amounts in thousands):

Combined Investment Funds

	Fair Value	Cash Equivalents	Asset Backed Securities	Government Securities	Government Agency Securities	Mortgage Backed Securities	Corporate Debt	Convertible Debt	Mutual Fund
Aaa	$ 4,329,454	$ -	$ 232,479	$ 1,997,087	$ 1,286,118	$ 622,580	$ 191,190	$ -	$ -
Aa	527,787	-	513	30,757	-	11,888	484,432	197	-
A	374,100	-	2,625	73,527	-	2,734	294,528	686	-
Baa	535,481	-	4,137	82,828	-	55,721	391,731	1,064	-
Ba	266,007	-	-	97,276	-	10,829	157,902	-	-
B	457,427	-	-	82,813	-	5,291	368,703	620	-
Caa	107,771	-	-	-	-	4,246	98,975	4,550	-
Ca	5,237	-	-	3,244	-	-	1,993	-	-
C	1,082	-	-	-	-	1,082	-	-	-
Prime 1	642,881	642,881	-	-	-	-	-	-	-
Not Rated	2,031,328	644,626	27,464	228,821	360,771	242,011	119,426	21,160	387,049
Total	$ 9,278,555	$ 1,287,507	$ 267,218	$ 2,596,353	$ 1,646,889	$ 956,382	$ 2,108,880	$ 28,277	$ 387,049

Foreign Currency Risk

The CIFS manage exposure to this risk by utilizing a strategic hedge ratio of 50 percent for the developed market portion of the International Stock Fund (a Combined Investment Fund). This strategic hedge ratio represents the neutral stance or desired long-term exposure to currency for the ISF. To implement this policy, currency specialists actively manage the currency portfolio as an overlay strategy to the equity investment managers. These specialists may manage the portfolio passively or actively depending on opportunities in the market place. While managers within the fixed income portion of the portfolio are allowed to invest in non-U.S. denominated securities, managers are required to limit that investment to a portion of their respective portfolios. As of June 30, 2008, CIFS' foreign deposits and investments were as follows (amounts in thousands):

			Combined Investment Funds						
			Fixed Income Securities				Equities		
Foreign Currency	Total	Cash	Government Securities	Mutual Funds	Corporate Debt	Convertible Securities	Common Stock	Preferred Stock	Real Estate Investment Trust
Argentine Peso	$ 735	$ 130	$ 438	$ -	$ -	$ -	$ 167	$ -	$ -
Australian Dollar	245,789	1,403	-	-	910	-	243,466	-	10
Brazilian Real	136,048	305	34,298	-	5,903	-	38,429	57,113	-
Canadian Dollar	52,800	1,763	-	-	130	-	50,907	-	-
Chilean Peso	1,357	19	-	-	-	-	1,338	-	-
Colombian Peso	7,368	-	5,872	-	1,496	-	-	-	-
Czech Koruna	21,998	2	6,084	-	-	-	15,912	-	-
Danish Krone	61,586	268	-	-	203	-	61,115	-	-
Egyptian Pound	23,362	5,790	12,051	-	-	-	5,521	-	-
Euro Currency	1,788,381	457	46,801	19,941	3,101	-	1,688,490	29,591	-
Hong Hong Dollar	202,702	612	-	58	-	-	199,755	-	2,277
Hungarian Fornit	35,205	7	9,944	-	-	-	25,254	-	-
Iceland Krona	84	-	-	-	-	-	84	-	-
Indian Rupee	4,316	-	-	-	4,316	-	-	-	-
Indonesian Rupiah	26,689	94	6,139	-	3,513	-	16,943	-	-
Israeli Shekel	10,827	8	-	-	-	-	10,819	-	-
Japanese Yen	1,049,339	5,965	9,146	5,719	-	1,287	1,025,344	-	1,878
Kazakhstan Tenge	772	-	-	-	772	-	-	-	-
Malaysian Ringgit	63,190	409	23,891	-	9,567	-	29,207	116	-
Mexican Peso	47,473	876	29,258	-	-	-	17,339	-	-
Moroccan Dirham	1,210	(24)	-	-	-	-	1,234	-	-
New Russian Rubel	4,522	19	-	-	4,503	-	-	-	-
New Taiwan Dollar	66,466	6	-	-	-	-	66,460	-	-
New Turkish Lira	52,953	83	13,263	-	1,843	-	37,764	-	-
New Zealand Dollar	7,659	633	-	-	2,143	-	4,883	-	-
Norwegian Krone	43,798	290	-	-	-	-	43,508	-	-
Pakistan Rupee	9,634	18	-	-	-	-	9,616	-	-
Peruvian Nouveau S	1,017	-	238	-	706	-	73	-	-
Philippine Peso	6,571	10	-	-	-	-	6,561	-	-
Polish Zloty	43,538	81	20,245	-	-	-	23,212	-	-
Pound Sterling	908,081	4,531	14,786	-	11,693	-	874,355	-	2,716
Singapore Dollar	89,018	126	5,898	-	8,822	-	69,320	-	4,852
South African Rand	71,545	825	6,091	-	2,385	-	62,244	-	-
South Korean Won	317,075	164	-	-	-	-	306,830	10,081	-
Swedish Krona	74,969	180	-	-	-	-	74,789	-	-
Swiss Franc	367,204	3,033	-	-	-	-	364,171	-	-
Thailand Baht	52,224	222	2,796	-	1,023	-	48,183	-	-
Uruguayan Peso	709	-	709	-	-	-	-	-	-
Yuan Renminbi	304	(34)	-	-	-	-	338	-	-
Total	$ 5,898,518	$ 28,271	$ 247,948	$ 25,718	$ 63,029	$ 1,287	$ 5,423,631	$ 96,901	$ 11,733

Custodial Credit Risk-Bank Deposits

The CIFS minimize this risk by maintaining certain restrictions set forth in the Investment Policy Statement. The CIFS use a Liquidity Account which is a cash management pool investing in highly liquid money market securities. As of June 30, 2008, the CIFS had deposits with a bank balance of $29.8 million which was uninsured and uncollateralized.

Complete financial information about the STIF, STIF Plus, and the CIFS can be obtained from financial statements issued by the Office of the State Treasurer.

Other Investments

As of June 30, 2008, the State had other investments and maturities as follows (amounts in thousands):

Other Investments

Investment Type	Fair Value	Investment Maturities (in years) Less Than 1	1-5	6-10	More Than 10
Repurchase Agreements	$ 2,873	$ 2,873	$ -	$ -	$ -
State/Municipal Bonds	55,312	-	10,407	3,489	41,416
U.S. Government Securities	33,971	23,852	8,105	-	2,014
U.S. Agency Securities	159,468	31,084	118,415	9,969	-
Guaranteed Investment Contracts	444,892	-	194,123	80,085	170,684
Tax Exempt Proceeds Fund	46,944	46,944	-	-	-
Money Market Funds	23,718	23,718	-	-	-
Mortgage-Backed Securities	21,865	-	-	6,015	15,850
Corporate Bonds	2	2	-	-	-
Total Debt Investments	789,045	$ 128,473	$ 331,050	$ 99,558	$ 229,964
Annuity Contracts	230,014				
Endowment Pool	12,308				
Total Investments	$ 1,031,367				

Credit Risk

As of June 30, 2008, other investments were rated by Standard and Poor's as follows (amounts in thousands):

Other Investments

Investment Type	Fair Value	Quality Ratings AAA	AA	A	Unrated
Repurchase Agreements	$ 2,873	$ 2,873	$ -	$ -	$ -
State/Municipal Bonds	55,312	-	55,312	-	-
U.S. Agency Securities	159,468	128,384	-	31,084	-
Guaranteed Investment Contracts	444,892	266,922	177,970	-	-
Tax Exempt Proceeds Fund	46,944	-	-	-	46,944
Money Market Funds	23,718	20,033	-	-	3,685
Mortgage-Backed Securities	21,865	21,865	-	-	-
Corporate Bonds	2	-	-	-	2
Total	$ 755,074	$ 440,077	$ 233,282	$ 31,084	$ 50,631

Custodial Credit Risk-Bank Deposits (amounts in thousands):

The State maintains its deposits at qualified financial institutions located in the state to reduce its exposure to this risk. These institutions are required to maintain, segregated from its other assets, eligible collateral in an amount equal to 10 percent, 25 percent, 100 percent, or 120 percent of its public deposits. The collateral is held in the custody of the trust department of either the pledging bank or another bank in the name of the pledging bank. As of June 30, 2008, $235,562 of the bank balance of the Primary Government of $238,435 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	$ 212,427
Uninsured and collateral held by trust department of either the pledging bank or another bank not in the name of the State	23,135
Total	$ 235,562

Component Units

The Connecticut Housing Finance Authority (CHFA) and the Connecticut Health and Education Facilities Authority (CHEFA) reported the following investments and maturities as of 12-31-07 and 6-30-08, respectively (amounts in thousands):

Major Component Units

		Investment Maturities (in years)			
Investment Type	**Fair Value**	**Less Than 1**	**1-5**	**6-10**	**More Than 10**
Collateralized Mortgage Obligations	$ 2,030	$ -	$ -	$ -	$ 2,030
Corporate Finance Bonds	7,810	2,157	5,653	-	-
Corporate Notes	4,104	2,755	-	-	1,349
Federated Funds	14,962	14,962	-	-	-
Fidelity Tax Exempt Fund	9,164	9,164	-	-	-
GNMA Program Assets	950,612	-	-	-	950,612
Guaranteed Investment Contracts	434,350	177,413	256,937	-	-
Investment Agreements	1,148	-	1,148	-	-
Mortgage Backed Securities	3,250	-	219	746	2,285
Repurchase Agreements	2,872	-	-	-	2,872
U.S. Government Securities	789	-	-	-	789
Structured Securities	516	-	-	-	516
Money Market Funds	696,633	696,633	-	-	-
Municipal Bonds	1,868	-	-	-	1,868
Certificate of Deposits	3,000	3,000	-	-	-
Total	$ 2,133,108	$ 906,084	$ 263,957	$ 746	$ 962,321

The CHFA and the CHEFA own 47.1 percent and 52.9 percent of the above investments, respectively. GNMA Program Assets represent securitized home mortgage loans of CHFA which are guaranteed by the Government National Mortgage Association.

Interest Rate Risk

CHFA

Exposure to declines in fair value is substantially limited to GNMA Program Assets. The Authority's investment policy requires diversification of its investment portfolio to eliminate the risk of loss resulting from, among other things, an over-concentration of assets in a specific maturity.

CHEFA

The Authority manages its exposure to this risk by designing its portfolio of unrestricted investments with the objective of regularly exceeding the average return of 90 day U.S. Treasury Bills. This is considered to be a benchmark for riskless investment transactions and therefore represents a minimum standard for the portfolio's rate of return. The Authority's policy as it relates to restricted investments provides that all restricted accounts be invested in strict accordance with the bond issue trust indentures, with the above policy and with applicable Connecticut State Law.

Credit Risk

CHFA

The Authority's investments are limited by state Statutes to United States Government obligations, including its agencies or instrumentalities, investments guaranteed by the state, investments in the CIFS, and other obligations which are legal investments for savings banks in the state. Repurchase agreements, investment agreements, certificate of deposits, and the Federated Funds are fully collateralized by obligations issued by the United States Government or its agencies. Mortgage Backed Securities and Collateralized Mortgage Obligations are fully collateralized by the Federal National Mortgage Association or the United States Department of Housing and Urban Development mortgage pools.

CHEFA

The Authority has an investment policy that would further limit its investment choices beyond those limited by state statutes for both unrestricted and restricted investments. For example, investments that may be purchased by the Authority with the written approval of an officer, provided that the investment has a maturity of one year or less, are obligations issued or guaranteed by the U.S. Government, the State's Short-Term Investment Fund (STIF), etc.

CHFA's and CHEFA's investments were rated as of 12-31-07 and 6-30-08, respectively, as follows (amounts in thousands):

Component Units							
	Fair	Quality Ratings					
Investment Type	Value	AAA	AA	A	BBB	D	Unrated
Collateralized Mortgage Obligations	$ 2,030	$ 368	$ 1,662	$ -	$ -	$ -	$ -
Corporate Finance Bonds	7,810	-	-	2,157	5,653	-	-
Corporate Notes	4,104	-	-	2,755	1,349	-	-
Federated Funds	14,962	-	-	-	-	-	14,962
Fidelity Tax Exempt Fund	9,164	-	-	-	-	-	9,164
GNMA Assets	950,612	-	-	-	-	-	950,612
Guaranteed Investment Contracts	434,350	532	256,405	177,413	-	-	-
Investment Agreements	1,148	-	-	-	-	-	1,148
Mortgage Backed Securities	3,250	388	-	-	-	-	2,862
Repurchase Agreements	2,872	-	-	-	-	-	2,872
Structured Securities	516	-	-	-	-	516	-
Money Market Funds	696,633	696,633	-	-	-	-	-
Municipal Bonds	1,868	1,868	-	-	-	-	-
Certificate of Deposits	3,000	-	-	-	-	-	3,000
Total	$ 2,132,319	$ 699,789	$ 258,067	$ 182,325	$ 7,002	$ 516	$ 984,620

Concentration of Credit Risk

CHFA

The Authority's investment policy requires diversification of its investment portfolio to eliminate the risk of loss resulting from, among other things, an over-concentration of assets with a specific issuer. As of December 31, 2007, the Authority had no investments in any one issuer that represents 5% or more of total investments, other than investments guaranteed by the U.S. Government (GNMA Program Assets).

CHEFA

For unrestricted investments, the Authority places limits on the amount of investment in any one issuer. No issuer other than the United States Treasury or the State's Short-Term Investment Fund shall constitute greater than 5 percent of unrestricted investments, except for qualified money market or mutual bond funds, none of which shall constitute greater than 50 percent of general fund investments. At year end, the Authority was in compliance with this policy. The Authority places no limit on the amount of investments in any one issuer for restricted investments. At year end, the Authority's guaranteed investment contracts with Morgan Stanley and Trinity exceeded 5 percent of the Authority's portfolio.

Security Lending Transactions

Certain of the Combined Investment Funds are permitted by State statute to lend its securities through a lending agent to Authorized broker-dealers and banks for collateral with a simultaneous agreement to return the collateral for the same securities in the future.

During the year, the funds' lending agent lent securities similar to the types on loan at year-end and received cash (United States and foreign currency), U.S. Government securities, sovereign debt rated A or better, convertible bonds, and irrevocable bank letters of credit as collateral. The funds' lending agent did not have the ability to pledge or sell collateral securities delivered absent borrower default. Borrowers were required to deliver collateral for each loan equal to (1) in the case of loaned securities denominated in United States dollars or whose primary trading market was located in the United States or sovereign debt issued by foreign governments, 102 percent of the market value of the loaned securities; and (2) in the case of loaned securities not denominated in United States dollars or whose primary trading market was not located in the United States, 105 percent of the market value of the loaned securities. The funds did not impose any restrictions during the fiscal year on the amount of loans that the lending agent made on their behalf and the lending agent indemnified the funds by agreeing to purchase replacement securities, or return the cash collateral thereof in the event any borrows failed to return the loaned securities or pay distributions thereon. As of June 30, 2008, the funds had no credit exposure to the borrowers, because the value of collateral held and the market value securities on loan were $3,380.7 million and $3,276.2 million, respectively.

All securities loans can be terminated on demand by either the funds or the borrowers. Cash collateral is invested by the funds' lending agent, and the average duration of the investments can not exceed (a) 120 days or (b) the average duration of the loans by more than 45 days. At year-end, the average duration of the collateral investments was 42.9 days; the average duration of the loans was unknown, although it is assumed to remain at one day.

Note 5 Receivables-Current

As of June 30, 2008, current receivables consisted of the following (amounts in thousands):

	Primary Government		
	Governmental Activities	Business-Type Activities	Component Units
Taxes	$ 1,189,785	$ -	$ -
Accounts	1,061,830	518,652	29,553
Loans-Current Portion	-	247,285	22,502
Other Governments	725,017	8,795	-
Interest	2,463	13,421	962
Other (1)	13,127	5,270	-
Total Receivables	2,992,222	793,423	53,017
Allowance for Uncollectibles	(968,730)	(89,804)	(2,490)
Receivables, Net	$ 2,023,492	$ 703,619	$ 50,527

(1) Includes a reconciling amount of $6,893 from fund financial statements to government-wide financial statements.

Note 6 Taxes Receivable

Taxes receivable consisted of the following as of June 30, 2008 (amounts in thousands):

	Governmental Activities		
	General Fund	Transportation Fund	Total
Sales and Use	$ 294,417	$ -	$ 294,417
Income Taxes	518,900	-	518,900
Corporations	77,432	-	77,432
Gasoline and Special Fuel	-	40,653	40,653
Various Other	258,383	-	258,383
Total Taxes Receivable	1,149,132	40,653	1,189,785
Allowance for Uncollectibles	(150,279)	(389)	(150,668)
Taxes Receivable, Net	$ 998,853	$ 40,264	$ 1,039,117

Note 7 Receivables-Noncurrent

Noncurrent receivables for the primary government and its component units, as of June 30, 2008, consisted of the following (amounts in thousands):

	Primary Government		
	Governmental Activities	Business-Type Activities	Component Units
Accounts	$ -	$ -	$ 26,164
Loans	213,911	562,619	135,452
Total Receivables	213,911	562,619	161,616
Allowance for Uncollectibles	(9,374)	(2,876)	(10,007)
Receivables, Net	$ 204,537	$ 559,743	$ 151,609

The Clean Water fund (business-type activities) loans funds to qualified municipalities for planning, design, and construction of water quality projects. These loans are payable over a 20 year period at an annual interest rate of 2 percent and are secured by the full faith and credit or revenue pledges of the municipalities, or both. At year end, the noncurrent portion of loans receivable was $501 million.

The Connecticut Development Authority (a component unit) loans funds to finance the purchase of land, buildings, and equipment by qualified applicants and to finance other economic development programs of the Authority. These loans are collateralized by assets acquired from proceeds of the related loans and have originating terms of 1 to 25 years and earn interest at rates ranging from 3 percent to 10.25 percent. As of June 30, 2008, the noncurrent portion of loans receivable was $28 million. In addition, loans in the amount of $5.5 million (including loans of $5.4 million made by other lending institutions) were insured by an insurance fund created by the Authority and by the faith and credit pledged by the State. This insurance fund had net assets of $(184) thousand at year-end. Thus, the State is contingently liable in the event of any defaulted loans that could not be paid out of the assets of the insurance fund.

Note 8 Restricted Assets

Restricted assets are defined as resources that are restricted by legal or contractual requirements. As of June 30, 2008, restricted assets were comprised of the following (amounts in thousands):

	Cash & Cash Equivalents	Investments	Loans, Net of Allowances	Other	Total Restricted Assets
Governmental Activities:					
Debt Service	$ 555,176	$ 128,460	$ -	$ -	$ 683,636
Environmental	-	481	-	-	481
Total-Governmental Activities	$ 555,176	$ 128,941	$ -	$ -	$ 684,117
Business-Type Activities:					
Bradley International Airport	$ 87,601	$ 28,258	$ -	$ 1,591	$ 117,450
UConn/Health Center	50,446	123	-	-	50,569
Clean Water	-	285,431	-	-	285,431
Other Proprietary	-	53,787	-	-	53,787
Total-Business-Type Activities	$ 138,047	$ 367,599	$ -	$ 1,591	$ 507,237
Component Units:					
CHFA	$ 2,258	$ 1,403,829	$ 3,016,363	$ 159,634	$ 4,582,084
CHEFA	165	1,141,060	-	584	1,141,809
Other Component Units	101,145	53,568	-	2	154,715
Total-Component Units	$ 103,568	$ 2,598,457	$ 3,016,363	$ 160,220	$ 5,878,608

Note 9 Accounts Payable and Accrued Liabilities

As of June 30, 2008, accounts payable and accrued liabilities consisted of the following (amounts in thousands):

	Vendors	Salaries and Benefits	Interest	Other	Total Payables & Accrued Liabilities
Governmental Activities:					
General	$ 121,252	$ 232,891	$ -	$ -	$ 354,143
Transportation	23,804	12,377	-	-	36,181
Other Governmental	223,751	22,488	-	3,041	249,280
Internal Service	4,672	2,056	-	13,394	20,122
Reconciling amount from fund financial statements to government-wide financial statements	-	-	120,588	5,100	125,688
Total-Governmental Activities	$ 373,479	$ 269,812	$ 120,588	$ 21,535	$ 785,414
Business-Type Activities:					
UConn/Health Center	$ 41,352	$ 73,782	$ -	$ 17,205	$ 132,339
State Universities	11,756	39,639	2,104	-	53,499
Other Proprietary	24,342	28,156	17,748	36,609	106,855
Total-Business-Type Activities	$ 77,450	$ 141,577	$ 19,852	$ 53,814	$ 292,693

Note 10 Capital Assets

Capital asset activity for the year was as follows (amounts in thousands):

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities				
Capital Assets not being Depreciated:				
Land	$ 1,354,085	$ 52,670	$ 5,149	$ 1,401,606
Construction in Progress	1,960,175	650,735	501,663	2,109,247
Total Capital Assets not being Depreciated	3,314,260	703,405	506,812	3,510,853
Other Capital Assets:				
Buildings	2,788,045	95,856	130,619	2,753,282
Improvements Other than Buildings	455,223	21,908	13,405	463,726
Equipment	1,496,689	178,340	114,397	1,560,632
Infrastructure	10,443,317	424,065	-	10,867,382
Total Other Capital Assets at Historical Cost	15,183,274	720,169	258,421	15,645,022
Less: Accumulated Depreciation For:				
Buildings	1,698,832	68,832	130,619	1,637,045
Improvements Other than Buildings	279,868	23,879	13,405	290,342
Equipment	1,118,151	277,174	114,397	1,280,928
Infrastructure	5,448,699	453,395	-	5,902,094
Total Accumulated Depreciation	8,545,550	823,280 *	258,421	9,110,409
Other Capital Assets, Net	6,637,724	(103,111)	-	6,534,613
Governmental Activities, Capital Assets, Net	$ 9,951,984	$ 600,294	$ 506,812	$ 10,045,466

* Depreciation expense was charged to functions as follows:

Governmental Activities:	
Legislative	$ 5,920
General Government	35,205
Regulation and Protection	32,753
Conservation and Development	15,075
Health and Hospitals	13,705
Transportation	592,738
Human Services	2,264
Education, Libraries and Museums	35,429
Corrections	49,397
Judicial	20,689
Capital assets held by the government's internal service funds are charged to the various functions based on the usage of the assets	20,105
Total Depreciation Expense	$ 823,280

	Beginning Balance	Additions	Retirements	Ending Balance
Business-Type Activities				
Capital Assets not being Depreciated:				
Land	$ 59,484	$ 622	$ 137	$ 59,969
Construction in Progress	190,777	111,000	52,116	249,661
Total Capital Assets not being Depreciated	250,261	111,622	52,253	309,630
Capital Assets being Depreciated:				
Buildings	3,455,173	130,671	2,633	3,583,211
Improvements Other Than Buildings	458,952	15,753	2,461	472,244
Equipment	876,062	89,628	35,029	930,661
Total Other Capital Assets at Historical Cost	4,790,187	236,052	40,123	4,986,116
Less: Accumulated Depreciation For:				
Buildings	1,064,778	114,540	1,907	1,177,411
Improvements Other Than Buildings	204,987	20,216	2,461	222,742
Equipment	507,850	70,279	30,138	547,991
Total Accumulated Depreciation	1,777,615	205,035	34,506	1,948,144
Other Capital Assets, Net	3,012,572	31,017	5,617	3,037,972
Business-Type Activities, Capital Assets, Net	$ 3,262,833	$ 142,639	$ 57,870	$ 3,347,602

Component Units

Capital assets of the component units consisted of the following as of June 30, 2008 (amounts in thousands):

Land	$ 29,930
Buildings	484,704
Improvements other than Buildings	3,288
Machinery and Equipment	259,963
Construction in Progress	1,261
Total Capital Assets	779,146
Accumulated Depreciation	(354,059)
Capital Assets, net	$ 425,087

Note 11 State Retirement Systems

The State sponsors three major public employee retirement systems: the State Employees' Retirement System (SERS)-consisting of Tier I (contributory), Tier II (noncontributory) and Tier IIA (contributory), the Teachers' Retirement System (TRS), and the Judicial Retirement System (JRS).

The State Comptroller's Retirement Division under the direction of the Connecticut State Employees Retirement Division administers SERS and JRS. The Teachers' Retirement Board administers TRS. None of the above mentioned systems issue stand-alone financial reports.

However, financial statements for SERS, TRS, and JRS are presented in Note No. 13.

Plan Descriptions and Funding Policy

Membership of each plan consisted of the following at the date of the latest actuarial evaluation:

	SERS 6/30/2008	TRS 6/30/2008	JRS 6/30/2008
Retirees and beneficiaries receiving benefits	38,093	28,787	225
Terminated plan members entitled to but not yet receiving benefits	1,592	1,394	1
Active plan members	53,196	51,738	220
Total	92,881	81,919	446

State Employees' Retirement System

Plan Description

SERS is a single-employer defined-benefit pension plan covering substantially all of the State full-time employees who are not eligible for another State sponsored retirement plan. Plan benefits, cost-of-living adjustments, contribution requirements of plan members and the State, and other plan provisions are described in Sections 5-152 to 5-192 of the General Statutes. The plan provides retirement, disability, and death benefits, and annual cost-of-living adjustments to plan members and their beneficiaries.

Funding Policy

The contribution requirements of plan members and the State are established and may be amended by the State legislature. Tier I Plan B regular and Hazardous Duty members are required to contribute 2 percent and 4 percent of their annual salary, respectively, up to the Social Security Taxable Wage Base plus 5 percent above that level; Tier I Plan C members are required to contribute 5 percent of their annual salary; Tier II Plan Hazardous Duty members are required to contribute 4% of their annual salary; Tier IIA Plan regular and Hazardous Duty members are required to contribute 2 percent and 5 percent of their annual salary, respectively. The State is required to contribute at an actuarially determined rate. Administrative costs of the plan are funded by the State.

Teachers' Retirement System

Plan Description

TRS is a single-employer defined-benefit pension plan covering any teacher, principal, superintendent or supervisor engaged in service of public schools in the State. Plan benefits, cost-of-living allowances, required contributions of plan members and the State, and other plan provisions are described in Sections 10-183b to 10-183pp of the General Statutes. The plan provides retirement, disability, and death benefits, and annual cost-of-living adjustments to plan members and their beneficiaries.

Funding Policy

The contribution requirements of plan members and the State are established and may be amended by the State legislature. Plan members are required to contribute 6 percent of their annual salary. The State is required to contribute at an actuarially determined rate. During the year, the State contributed an additional $2 billion to the plan to help reduce the unfunded actuarial liability of the plan. Administrative costs of the plan are funded by the State.

Judicial Retirement System

Plan Description

JRS is a single-employer defined-benefit pension plan covering any appointed judge or compensation commissioner in the State. Plan benefits, cost-of-living allowances, required contributions of plan members and the State, and other plan provisions are described in Sections 51-49 to 51-51 of the General Statutes. The plan provides retirement, disability, and death benefits, and annual cost-of-living adjustments to plan members and their beneficiaries.

Funding Policy

The contribution requirements of plan members and the State are established and may be amended by the State legislature. Plan members are required to contribute 6 percent of their annual salary. The State is required to contribute at an actuarially determined rate. Administrative costs of the plan are funded by the State.

Annual Pension Cost and Net Pension Obligation

The State's annual pension cost and net pension obligation for each plan for the current year were as follows (amounts in thousands):

	SERS	TRS	JRS
Annual required contribution	$ 716,944	$ 518,560	$ 13,434
Interest on net pension obligation	198,247	127,121	4
Adjustment to annual required contribution	(138,964)	(103,173)	(3)
Annual pension cost	776,227	542,508	13,435
Contributions made	711,555	2,518,560	13,434
Increase (decrease) in net pension obligation	64,672	(1,976,052)	1
Net pension obligation beginning of year	2,332,327	1,495,542	47
Net pension obligation/(asset) end of year	$ 2,396,999	$ (480,510)	$ 48

Three-year trend information for each plan is as follows (amounts in thousands):

	Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation/(Asset)
SERS	2006	$ 685,473	90.9%	$ 2,271,249
	2007	$ 725,009	91.6%	$ 2,332,327
	2008	$ 776,227	91.7%	$ 2,396,999
TRS	2006	$ 434,670	91.2%	$ 1,465,841
	2007	$ 441,802	93.3%	$ 1,495,542
	2008	$ 542,508	464.2%	$ (480,510)
JRS	2006	$ 11,731	100%	$ 46
	2007	$ 12,376	100%	$ 47
	2008	$ 13,435	100%	$ 48

Funded Status and Funding Progress

The following is funded status information for each plan as of June 30, 2008 the most recent actuarial valuation date (amounts in millions):

	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
SERF	$ 9,990.2	$ 19,243.4	$ 9,253.2	51.9%	$ 3,497.4	264.6%
TRF	$ 15,271.0	$ 21,801.0	$ 6,530.0	70.0%	$ 3,399.3	192.1%
JRF	$ 191.7	$ 267.0	$ 75.3	71.8%	$ 34.0	221.5%

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multi year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

The following is information as of the most recent actuarial valuation:

	SERF	TRF	JRS
Valuation Date	6/30/2008	6/30/2008	6/30/08
Actuarial Cost Method	Projected unit credit cost method	Entry age actuarial cost method using level percent of payroll funding	Projected unit credit cost method
Amortization Method	Level percent of payroll	Level percent of payroll	Level percent of payroll
Remaining Amortization Period	24 Years	29.2 years	23 Years
Asset Valuation Method	5-year smoothed market	4-year smoothed market	5-year smoothed market
Actuarial Assumptions:			
Investment Rate of Return	8.25%	8.5%	8.25%
Projected Salary Increases	4.0%-20.0%	4.0%-7.5%	5.25%
Includes inflation at	4.0%	4.0%	5.25%
Cost-of-Living Adjustments	2.7%-3.6%	2.0%-3.0%	2.75%-5.25%

Defined Contribution Plan

The State also sponsors the Connecticut Alternate Retirement Program (CARP), a defined contribution plan. CARP is administered by the State Comptroller's Retirement Office under the direction of the Connecticut State Employees Retirement Division. Plan provisions, including contribution requirements of plan members and the State, are described in Section 5-156 of the General Statutes.

Unclassified employees at any of the units of the Connecticut State System of Higher Education are eligible to participate in the plan. Plan members are required to contribute 5 percent of their annual salaries. The State is required to contribute 8 percent of covered salary. During the year, plan members and the State contributed $33.0 million and $17.6 million, respectively.

Note 12 Other Retirement Systems Administered by the State of Connecticut

The State acts solely as the administrator and custodian of the assets of the Connecticut Municipal Employees' Retirement System (CMERS) and the Connecticut Probate Judges and Employees Retirement System (CPJERS). The State makes no contribution to and has only a fiduciary responsibility for these funds. None of the above mentioned systems issue stand-alone financial reports. However, financial statements for CMERS and CPJERS are presented in Note No. 13.

Plan Descriptions and Contribution Information

Membership of each plan consisted of the following at the date of the latest actuarial valuation:

	CMERS 7/1/2007	CPJERS 12/31/2007
Retirees and beneficiaries receiving benefits	5,263	277
Terminated plan members entitled to but not receiving benefits	495	28
Active plan members	8,695	409
Total	14,453	714
Number of participating employers	164	1

Connecticut Municipal Employees' Retirement System Plan Description

CMERS is a cost-sharing multiple-employer defined benefit pension plan that covers fire, police, and other personnel (except teachers) of participating municipalities in the State. Plan benefits, cost-of-living adjustments, contribution requirements of plan members and participating municipalities, and other plan provisions are described in Chapters 7-425 to 7-451 of the General Statutes. The plan provides retirement, disability, and death benefits, and annual cost-of-living adjustments to plan members and their beneficiaries.

Contributions

Plan members are required to contribute 2.28 percent to 5.0 percent of their annual salary. Participating municipalities are required to contribute at an actuarial determined rate. The participating municipalities fund administrative costs of the plan.

Connecticut Probate Judges and Employees' Retirement System

Plan Description

CPJERS is a single-employer defined benefit pension plan that covers judges and employees of probate courts in the State. Plan benefits, cost-of-living adjustments, required contributions of plan members and the probate court system, and other plan provisions are described in Chapters 45a-34 to 45a-56 of the General statutes. The plan provides retirement, disability, and death benefits, and annual cost-of-living adjustments to plan members and their beneficiaries.

Contributions

Plan members are required to contribute 1.0 percent to 3.75 percent of their annual salary. The probate court system is required to contribute at an actuarial determined rate. Administrative costs of the plan are funded by the probate court system.

Note 13 Pension Trust Fund Financial Statements

The financial statements of the pension trust funds are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. State contributions are recognized in the period in which the contributions are appropriated. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. Investment income and related expenses of the Combined Investment Funds are allocated ratably to the pension trust funds based on each fund's equity in the Combined Investment Funds.

Statement of Fiduciary Net Assets (000's)

	State Employees'	State Teachers'	Judicial	Connecticut Municipal Employees'	Probate Judges'	Other	Total
Assets							
Cash and Cash Equivalents	$ -	$ -	$ -	$ -	$ -	$ 204	$ 204
Receivables:							
Accounts, Net of Allowances	2,053	9,707	8	4,665	4	-	16,437
From Other Governments	-	4,521	-	-	-	-	4,521
From Other Funds	47	206	-	2	-	-	255
Interest	626	1,610	13	107	7	-	2,363
Investments	9,329,739	14,541,625	177,237	1,627,637	81,449	898	25,758,585
Securities Lending Collateral	1,083,988	1,676,926	23,908	219,645	10,889	120	3,015,476
Total Assets	10,416,453	16,234,595	201,166	1,852,056	92,349	1,222	28,797,841
Liabilities							
Accounts Payable and Accrued Liabilities	14	-	-	-	10	-	24
Securities Lending Obligation	1,083,988	1,676,926	23,908	219,645	10,889	120	3,015,476
Due to Other Funds	554	3,208	-	64	5	-	3,831
Total Liabilities	1,084,556	1,680,134	23,908	219,709	10,904	120	3,019,331
Net Assets							
Held in Trust For Employee Pension Benefits	9,331,897	14,554,461	177,258	1,632,347	81,445	1,102	25,778,510
Total Net Assets	$ 9,331,897	$ 14,554,461	$ 177,258	$ 1,632,347	$ 81,445	$ 1,102	$ 25,778,510

Statement of Changes in Fiduciary Net Assets (000's)

	State Employees'	State Teachers'	Judicial	Connecticut Municipal Employees'	Probate Judges'	Other	Total
Additions							
Contributions:							
Plan Members	$ 67,390	$ 233,237	$ 1,626	$ 17,013	$ 307	$ 38	$ 319,611
State	711,555	2,518,560	13,434	-	-	-	3,243,549
Municipalities	-	418	-	38,834	-	-	39,252
Total Contributions	778,945	2,752,215	15,060	55,847	307	38	3,602,412
Investment Income	(398,292)	(590,915)	(6,394)	(57,163)	(2,981)	11	(1,055,734)
Less: Investment Expenses	(77,493)	(114,808)	(1,241)	(11,357)	(579)	-	(205,478)
Net Investment Income	(475,785)	(705,723)	(7,635)	(68,520)	(3,560)	11	(1,261,212)
Transfers In	-	-	-	-	2,789	-	2,789
Other	-	901	2	-	-	-	903
Total Additions	303,160	2,047,393	7,427	(12,673)	(464)	49	2,344,892
Deductions							
Administrative Expense	558	-	11	-	-	-	569
Benefit Payments and Refunds	1,014,096	1,283,742	17,524	84,953	2,982	5	2,403,302
Other	-	-	-	-	2,788	-	2,788
Total Deductions	1,014,654	1,283,742	17,535	84,953	5,770	5	2,406,659
Changes in Net Assets	(711,494)	763,651	(10,108)	(97,626)	(6,234)	44	(61,767)
Net Assets Held in Trust For Employee Pension Benefits:							
Beginning of Year	10,043,391	13,790,810	187,366	1,729,973	87,679	1,058	25,840,277
End of Year	$ 9,331,897	$ 14,554,461	$ 177,258	$ 1,632,347	$ 81,445	$ 1,102	$ 25,778,510

Note 14 Other Postemployment Benefits (OPEB)

The State sponsors two defined benefit OPEB plans: the State Employee OPEB Plan (SEOPEBP) and the Retired Teacher Healthcare Plan (RTHP). SEOPEBP is administered by the State Comptroller (Retirement and Benefits Division), and RTHP is administered by the Teachers' Retirement Board. None of these plans issues stand-alone financial statements. However, financial statements for these plans are presented in Note No. 15.

State Employee OPEB Plan

Plan Description

SEOPEBP is a single-employer defined benefit OPEB plan that covers retired employees of the State who are receiving benefits from any State-sponsored retirement system, except the Teachers' Retirement System and the Municipal Employees' Retirement System. The plan provides healthcare and life insurance benefits to eligible retirees and their spouses. Plan benefits, required contributions of plan participants and the State, and other plan provisions are described in Sections 5-257 and 5-259 of the General Statutes.

Plan Funding

The contribution requirements of the plan members and the State are established and may be amended by the State legislature, or by agreement between the State and employees unions, upon approval by the State legislature. The cost of providing plan benefits is financed approximately 100 percent by the State on a pay-as-you-go basis through an annual appropriation in the General fund. In addition, the State contributed $10 million this year to finance the cost of providing plan benefits. Administrative costs of the plan are financed by the State.

As of June 30, 2008, an interim actuarial valuation of the plan disclosed that the plan had an estimated accrued liability of $23.7 billion. Because the valuation was limited in scope, required disclosures on funded status and funding progress of the plan were not made in this note.

Retired Teacher Healthcare Plan

Plan Description

RTHP is a single-employer defined benefit OPEB plan that covers retired teachers and administrators of public schools in the State who are receiving benefits from the Teachers' Retirement System. The plan provides healthcare insurance benefits to eligible retirees and their spouses. Plan benefits, required contributions of plan participants and the State, and other plan provisions are described in Section 10-183 of the General Statutes. As of June 30, 2008 (date of the latest actuarial valuation), the plan had 30,619 retirees and beneficiaries receiving benefits.

Plan Funding

The contribution requirements of plan members and the State are established and may be amended by the State legislature. The cost of providing plan benefits is financed on a pay-as-you-go basis as follows: active teachers pay for one third of plan costs through a contribution of 1.25% of their annual salaries, retired teachers pay for one third of plan costs through monthly premiums, and the State pays for one third of plan costs through an annual appropriation in the General Fund. Administrative costs of the plan are financed by the State.

Annual OPEB Cost and Net OPEB Obligation

The State's annual OPEB cost and the net OPEB obligation for each plan for the current fiscal year were as follows (amounts in thousands):

	SEOPEBP	RTHP
Annual Required Contribution	$ 1,602,739	$ 116,123
Interest on Net OPEB Obligation	-	-
Adjustment to Annual Required Contribution	-	-
Annual OPEB Cost	1,602,739	116,123
Contributions Made	463,697	20,770
Increase in net OPEB Obligation	1,139,042	95,353
Net OPEB Obligation - Beginning of Year	-	-
Net OPEB Obligation - End of Year	$ 1,139,042	$ 95,353

In addition, other related information for each plan for the current fiscal year was as follows:

	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
SEOPEBP	$ 1,602,739	28.9%	$ 1,139,042
RTHP	$ 116,123	17.9%	$ 95,353

Funded Status and Funding Progress

The following is funded status information for the RTHP as of June 30, 2008, date of the latest actuarial valuation (amounts in million):

	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
RTHP	$ -	$ 2,318.8	$ 2,318.8	0.0%	$ 3,399.3	68.2%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding in progress, presented as required supplementary information following the notes to the financial statements, present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the State and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the State and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Significant methods and assumptions were as follows:

	RTHP
Actuarial Valuation Date	6-30-08
Actuarial Cost Method	Individual Entry Age
Amortization Method	Level Percent Open
Remaining Amortization Period	30 Years
Asset Valuation Method	n/a
Actuarial Assumptions:	
Investment Rate of Return	4.50%
Projected Salary Increases	4.0%-7.5%
Healthcare Inflation Rate	9% Initial, 4% Ultimate

Other OPEB Plan

The State acts solely as the administrator and custodian of the assets of the Policemen and Firemen Survivors' Benefit Fund (PFSBF). The State makes no contribution to and has only a fiduciary responsibility for this fund. The fund does not issue stand-alone financial statements. However, financial statements for this fund are presented in Note No. 15.

Plan Description

PFSBF is a cost-sharing multiple-employer defined benefit OPEB plan that covers policemen and firemen of participating municipalities in the State. As of 6/30/08 there were 8 municipalities participating in the plan with a total membership of 600 active members. The plan provides survivor benefits upon the death of an active or retired member of the fund to his spouse and dependent children. Plan benefits, contribution requirements of plan members and participant municipalities, and other plan provisions are described in Sections 7-323a to 7-323i of the General Statutes.

Contributions

Plan members are required to contribute one percent of their annual salary. Participating municipalities are required to contribute at an actuarially determined rate. Administrative costs of the plan are financed by participating municipalities.

Note 15 OPEB Trust Fund Financial Statements

The financial statements of the OPEB trust funds are prepared using the accrual basis of accounting. Plan member and municipality contributions are recognized in the period in which they are due. State contributions are recognized in the period they are appropriated. Benefits are recognized when due and payable in accordance with the terms of each plan. Investment income and related investment expense of the Combined Investment Funds are allocated ratably to the PFSBF trust fund based on the fund's equity in the Combined Investment Funds.

Statement of Fiduciary Net Assets (000's)

	State Employees'	Retired Teachers'	Policemen and Firemen	Total
Assets				
Cash and Cash Equivalents	$ 10,000	$ 59,206	$ 2	$ 69,208
Receivables:				
From Other Funds	50	1,650	-	1,700
Interest	-	-	2	2
Investments	-	-	20,601	20,601
Securities Lending Collateral	-	-	2,764	2,764
Total Assets	10,050	60,856	23,369	94,275
Liabilities				
Accounts Payable	-	1,239	-	1,239
Securities Lending Obligation	-	-	2,764	2,764
Total Liabilities	-	1,239	2,764	4,003
Net Assets				
Held in Trust For Other Postemployment Benefits	10,050	59,617	20,605	90,272
Total Net Assets	$ 10,050	$ 59,617	$ 20,605	$ 90,272

Statement of Changes in Fiduciary Net Assets (000's)

	State Employees'	Retired Teachers'	Policemen and Firemen	Total
Additions				
Contributions:				
Plan Members	$ -	$ 60,779	$ 391	$ 61,170
State	463,697	20,770	-	484,467
Municipalities	-	-	22	22
Total Contributions	463,697	81,549	413	545,659
Investment Income	50	1,485	(470)	1,065
Less: Investment Expenses	-	-	(91)	(91)
Net Investment Income	50	1,485	(561)	974
Other	-	4,162	-	4,162
Total Additions	463,747	87,196	(148)	550,795
Deductions				
Administrative Expense	-	1,717	-	1,717
Benefit Payments and Refunds	453,697	69,698	829	524,224
Total Deductions	453,697	71,415	829	525,941
Changes in Net Assets	10,050	15,781	(977)	24,854
Net Assets Held in Trust For Other Postemployment Benefits:				
Beginning of Year (as restated)	-	43,836	21,582	65,418
End of Year	$ 10,050	$ 59,617	$ 20,605	$ 90,272

Note 16 Capital and Operating Leases

State as Lessor

The State leases building space, land, and equipment to private individuals. The minimum future lease revenues for the next five years and thereafter are as follows (amounts in thousands):

2009	$ 37,578
2010	29,540
2011	28,987
2012	29,111
2013	29,033
Thereafter	13,486
Total	$ 167,735

Contingent revenues for the year ended June 30, 2008, were $1.0 million.

State as Lessee

Obligations under capital and operating leases as of June 30, 2008, were as follows (amounts in thousands):

	Noncancelable Operating Leases	Capital Leases
2009	$ 74,687	$ 7,724
2010	65,805	7,728
2011	48,612	7,650
2012	31,685	7,300
2013	29,218	7,168
2014-2018	7,960	15,887
2019-2023	1,543	9,500
2024-2028	387	6,118
2029-2033	-	3,650
Total minimum lease payments	$ 259,897	72,725
Less: Amount representing interest costs		20,977
Present value of minimum lease payments		$ 51,748

Minimum capital lease payments were discounted using an interest rate of approximately 6 percent.

Rental payments on noncancelable operating leases charged to expenses during the year ended June 30, 2008, were $74.7 million.

Lease/Lease Back Transaction

On September 30, 2003 the State executed a U.S. Lease-to-Service Contract of Rolling Stock Agreement (Agreement) whereby the state entered into a head lease of certain rolling stock consisting of rail coaches and locomotives to statutory trusts established for the benefit of three equity investors. Simultaneously, the State executed sublease agreements to lease back the rolling stock in order to allow the State to have continued use of the property. The terms of the head leases are for periods ranging from 40 years to 67 years, expiring through March 2071, while the subleases have terms ranging from 18 years to 28 years, expiring through January 2032. At the end of the respective sublease terms, the State will have the option to purchase the statutory trusts' interest in the rolling stock for an aggregate fixed price.

Proceeds from the prepayment of the head lease rents were paid to debt payment undertakers and custodians in amounts sufficient, together with investment earning thereon, to provide for all future obligations of the State under the sublease agreements and the end of lease term purchase options. Although it is remote that the State will be required to make any additional payments under the sublease, the State is and shall remain liable for all of its obligations under the subleases. The aggregate remaining commitment under the subleases totaled approximately $309 million at June 30, 2008.

The State is obligated to insure and maintain the rolling stock. In addition, if an equity investor suffers a loss of tax deductions or incurs additional taxable income as a result of certain circumstances, as defined in the Agreement, then the State must indemnify the equity investor for the additional tax incurred, including interest and penalties thereon. The State has the right to terminate the sublease early under certain circumstances and upon payment of a termination value to the equity investors. If the State chooses early termination, then the termination value would be paid from funds available from the debt payment undertakers and the custodians, and if such amounts are insufficient, then the State would be required to pay the difference.

Note 17 Long-Term Debt

a) The following is a summary of changes in long-term debt of the primary government for the year ended June 30, 2008, (amounts in thousands):

Governmental Activities	Balance June 30, 2007	Additions	Reductions	Balance June 30, 2008	Amounts due within one year
Bonds:					
General Obligation	$ 10,596,581	$ 3,669,708	$ 1,173,719	$ 13,092,570	$ 885,204
Transportation	2,822,585	250,000	281,903	2,790,682	282,978
	13,419,166	3,919,708	1,455,622	15,883,252	1,168,182
Plus/(Less) premiums and deferred amounts	301,824	65,679	19,275	348,228	19,621
Total Bonds	13,720,990	3,985,387	1,474,897	16,231,480	1,187,803
Other Liabilities:					
Net Pension Obligation	3,827,916	1,332,171	3,243,550	1,916,537	-
Net OPEB Obligation	-	1,718,862	484,467	1,234,395	-
Compensated Absences	474,062	43,556	35,654	481,964	33,134
Workers' Compensation	382,128	115,558	85,067	412,619	81,846
Capital Leases	56,244	437	4,933	51,748	5,003
Claims and Judgments	7,580	6,567	512	13,635	8,094
Contracts Payable & Other	4,057	-	2,940	1,117	-
Total Other Liabilities	4,751,987	3,217,151	3,857,123	4,112,015	128,077
Governmental Activities Long-Term Liabilities	$ 18,472,977	$ 7,202,538	$ 5,332,020	$ 20,343,495	$ 1,315,880
In prior years, the General and Transportation funds have been used to liquidate other liabilities.					
Business-Type Activities					
Revenue Bonds	$ 1,577,723	$ 5,790	$ 225,429	$ 1,358,084	$ 90,288
Plus/(Less) premiums, discounts and deferred amounts	24,733	544	5,498	19,779	99
Total Revenue Bonds	1,602,456	6,334	230,927	1,377,863	90,387
Lottery Prizes	265,774	7,082	40,573	232,283	38,085
Compensated Absences	127,588	41,566	39,149	130,005	35,418
Other	171,153	6,353	14,537	162,969	12,306
Total Other Liabilities	564,515	55,001	94,259	525,257	85,809
Business-Type Long-Term Liabilities	$ 2,166,971	$ 61,335	$ 325,186	$ 1,903,120	$ 176,196

b) As of June 30, 2008, long-term debt of component units consisted of the following (amounts in thousands):

Long-Term Debt	Balance June 30, 2008	Amounts due within year
Bonds Payable	$ 3,820,318	$ 112,428
Escrow Deposits	182,808	67,677
Closure of Landfill	60,818	12,216
Due to State	5,057	-
Deferred Revenue	3,745	1,020
Other	19,076	408
Total	$ 4,091,822	$ 193,749

Note 18 Bonded Debt

a. Primary Government – Governmental Activities

General Obligation Bonds

General Obligation bonds are those bonds that are paid out of the revenues of the General Fund and that are supported by the full faith and credit of the State. General obligation bonds outstanding and bonds authorized but unissued at June 30, 2008, were as follows (amounts in thousands):

Purpose of Bonds	Final Maturity Dates	Original Interest Rates	Amount Outstanding	Authorized But Unissued
Capital Improvements	2009-2027	2.25-7.513%	$ 2,000,090	$ 499,842
School Construction	2009-2028	2.2-6.777%	3,371,020	16,001
Municipal & Other Grants & Loans	2009-2022	2.2-7.513%	1,234,534	592,891
Elderly Housing	2009-2027	3.85-6.795%	63,888	91,613
Elimination of Water Pollution	2009-2023	3-7.312%	195,718	695,282
General Obligation Refunding	2009-2022	2.5-6.06%	3,512,542	-
Pension Obligation	2009-2032	4.2-6.27%	2,276,578	
Miscellaneous	2009-2036	2.25-6.75%	92,730	541,576
			12,747,100	$ 2,437,205
Accretion-Various Capital Appreciation Bonds			345,470	
		Total	$ 13,092,570	

Future amounts needed to pay principal and interest on general obligation bonds outstanding at June 30, 2008, were as follows (amounts in thousands):

Year Ending June 30,	Principal	Interest	Total
2009	$ 885,204	$ 710,366	$ 1,595,570
2010	887,816	686,473	1,574,289
2011	873,593	587,780	1,461,373
2012	813,954	526,410	1,340,364
2013	740,866	470,215	1,211,081
2014-2018	3,233,592	1,752,034	4,985,626
2019-2023	2,418,783	1,174,847	3,593,630
2024-2028	1,668,612	762,357	2,430,969
2029-2033	1,220,155	189,950	1,410,105
2034-2038	4,525	466	4,991
Total	$ 12,747,100	$ 6,860,898	$ 19,607,998

Transportation Related Bonds

Transportation related bonds include special tax obligation bonds and general obligation bonds that are paid out of revenues pledged or earned in the Transportation Fund. The revenue pledged or earned in the Transportation Fund to pay special tax obligation bonds is transferred to the Debt Service Fund for retirement of principal and interest.

Transportation related bonds outstanding and bonds authorized but unissued at June 30, 2008, were as follows (amounts in thousands):

Purpose of Bonds	Final Maturity Dates	Original Interest Rates	Amount Outstanding	Authorized But Unissued
Specific Highways	2009	4.80%	$ 532	$ 4,065
Infrastructure Improvements	2009-2027	2.5-7.125%	2,789,345	1,439,124
General Obligation Other	2009	7.513%	191	-
			2,790,068	$ 1,443,189
Accretion-Various Capital Appreciation Bonds			614	
		Total	$ 2,790,682	

Future amounts required to pay principal and interest on transportation related bonds outstanding at June 30, 2008, were as follows (amounts in thousands):

Year Ending June 30,	Principal	Interest	Total
2009	$ 282,978	$ 128,714	$ 411,692
2010	276,860	113,677	390,537
2011	247,070	99,432	346,502
2012	229,020	87,139	316,159
2013	261,555	74,713	336,268
2014-2018	808,000	240,991	1,048,991
2019-2023	499,095	101,587	600,682
2024-2028	185,490	17,102	202,592
	$ 2,790,068	$ 863,355	$ 3,653,423

Variable-Rate Demand Bonds

As of June 30, 2008, variable-rate demand bonds included in bonded debt were as follows (amounts in thousands).

Bond Type	Outstanding Principal	Issuance Year	Maturity Year
Special Tax Obligation	$ 62,500	1990	2010
General Obligation	60,000	1997	2014
Special Tax Obligation	100,000	2000	2020
General Obligation	100,000	2001	2021
Special Tax Obligation	406,285	2003	2022
General Obligation	280,000	2005	2023
Total	$ 1,008,785		

The State entered into various remarketing and standby bond purchase agreements with certain brokerage firms and banks upon the issuance of the bonds.

The bonds were issued bearing a weekly interest rate, which is determined by the State's remarketing agents. The State has the option of changing at any time the weekly interest rate on the bonds to another interest rate, such as a flexible rate or a daily rate. Bonds bearing interest at the weekly rate are subject to purchase at the option of the bondholder at a purchase price equal to principal plus accrued interest, if any, on a minimum seven days' notice of tender to the State's agent. In addition, the bonds are subject to mandatory purchase upon (1) conversion from the weekly interest rate to another interest rate and (2) substitution or expiration of the standby bond purchase agreements. The State's remarketing agent is responsible for using its best efforts to remarket bonds properly tendered for purchase by bondholders from time to time. The State is required to pay the remarketing agents a quarterly fee of .05 percent per annum of the outstanding principal amount of the bonds.

The standby bond purchase agreements require the banks to purchase any unremarketed bonds bearing the weekly interest rate for a price not to exceed the amount of bond principal and accrued interest, if any. The State is required to pay the banks a quarterly fee ranging from .11 percent to .15 percent per annum of the outstanding principal amount of the bonds plus interest. These fees would be increased if the credit rating for the bond insurers were to be downgraded, suspended, or withdrawn. The standby bond purchase agreements expire as follows:
1990 STO expires in the year 2010,
1997 GO expires in the year 2014,
2000 STO expires in the year 2017 and could be extended for another seven years,
2001 GO expires in the year 2015,
2003 STO expires in the year 2015 and could be extended for another five years, and
2005 GO expires in the year 2015.

These agreements could be terminated at an earlier date if certain termination events described in the agreements were to occur.

In connection with the 2000 and 2003 STO bonds, $298,195,000 of bonds tendered and not remarketed plus accrued interest of $1,096,194 was purchased in accordance with the standby bond purchase agreement with banks as of June 30, 2008, the balance of which was subject to an interest rate equaling the banks prime rate (5.00% at June 30, 2008) per the terms of the agreement.

Interest Rate Swaps

Objective of the swaps

As a means to lower its borrowing costs, when compared against fixed-rate bonds at the time of issuance, the State has entered into eleven separate pay-fixed, receive-variable interest rate swaps at a cost less than what the State would have paid to issue fixed-rate debt. Two of the swaps were executed in December 1990, one was executed in June 2001, three were executed in January 2003, and five were executed in March and April of 2005.

Terms, fair values, and credit risk

The terms, including the fair values and credit ratings of the outstanding swaps as of June 30, 2008, are as follows. The notional amount of the swaps matches the principal amount of the associated debt. The State's swap agreements, except for the Consumer Price Index (CPI) related swaps, contain scheduled reductions to outstanding notional amounts that are expected to approximately follow scheduled or anticipated reductions in the associated debt. For the CPI swaps, the swap agreements and associated debt are non-amortizing and mature on the same date.

Associated Bond Issue	Notional Amounts (000's)	Effective Date	Fixed Rate Paid	Variable Rate Received	SWAP Fair Values (000's)	SWAP Termination Date	Counterparty Credit Rating
1990 STO	$ 37,500	12/19/1990	5.746%	65% of LIBOR	$ (1,846)	12/1/2010	Aa3/AA-/AA-
1990 STO	25,000	12/19/1990	5.709%	65% of LIBOR	(1,246)	12/1/2010	Aa2/A+/A+
2001 GO	20,000	6/28/2001	4.330%	CPI plus 1.43%	318	6/15/2012	Aa3/AA-/nr
2003 STO	115,795	1/23/2003	3.293%	55% LIBOR plus 50 bp	(2,858)	2/1/2022	Aaa/AA+/AA
2003 STO	96,310	1/23/2003	3.288%	55% LIBOR plus 50 bp	(2,248)	2/1/2022	Aa1/AA/AA-
2003 STO	194,180	1/23/2003	3.284%	55% LIBOR plus 50 bp	(4,765)	2/1/2022	Aa1/AA-/AA-
2005 GO	140,000	3/24/2005	3.392%	60% of LIBOR plus 30bp	(2,055)	3/1/2023	Aaa/AAA/nr
2005 GO	140,000	3/24/2005	3.401%	60% of LIBOR plus 30bp	(2,080)	3/1/2023	Aaa/AA+/nr
2005 GO	15,620	4/27/2005	3.990%	CPI plus .65%	(47)	6/1/2016	Aa3/AA-/nr
2005 GO	20,000	4/27/2005	5.070%	CPI plus 1.73%	(153)	6/1/2017	Aa3/AA-/nr
2005 GO	20,000	4/27/2005	5.200%	CPI plus 1.79%	(373)	6/1/2020	Aaa/nr/nr
Total	$ 824,405				$ (17,353)		

Fair value

As of June 30, 2008, the swap dated in 2001 had positive fair value because interest rates have increased since the time when this swap was undertaken; all of the other swaps had negative fair values because interest rates had similarly declined. The negative fair values may be countered by reductions in total interest payments required under the variable-rate bonds, creating lower synthetic interest rates. Because the coupons on the State's variable-rate bonds adjust to changing interest rates, the bonds do not have corresponding fair value increases. The fair values were estimated using the zero-coupon method. This method calculates the future net settlement payment required under the swaps, assuming that the current forward rates implied

by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date each future net settlement on the swaps.

Credit Risk
As of June 30, 2008, the State had credit risk exposure relating to the relationship between the variable interest rate on the bonds and the rate that it receives under the swap agreement undertaken in 2001. The State had no credit risk exposure on any of the other swaps because the swaps had negative fair value. However, should interest rates change and the fair values of the swaps become positive, the State would be exposed to credit risk in the amount of the swaps' fair value.

The swap agreements contain varying collateral agreements with the counterparties. With the exception of the 2005 swap with a credit rating of Aaa/AAA/nr, the 2003 and 2005 swap agreements require collateralization of the fair value of the swap in cash or government securities should the counterparty's credit rating fall below Aa3 as issued by Moody's Investors Service or AA- as issued by Standard & Poor's Ratings or Fitch Ratings. One of the swaps executed in 1990 requires collateral of cash or securities if the counterparty credit rating falls below A1/A+. The other 1990 swap agreement and the 2001 swap agreement do not have collateral provisions. Accordingly no collateral was required to be posted for any of the swaps at June 30, 2008. The State is not required to post collateral for any of the swaps.

Approximately 24 percent of the notional amount of swaps outstanding is held with one counterparty, rated Aa1/AA-/AA-. Three swaps or approximately 7% of the notional amount of the swaps outstanding are held by one of the lowest rated counterparties, rated Aa3/AA-/nr, while another 3% is held by a separate counter party who is rated Aa2/A+/A+. All other swaps are held by separate counterparties who are rated Aa3/AA-/AA- or better.

Basis Risk
The State's variable-rate bond coupon payments are equivalent to the Securities Industry and Financial Markets Association Municipal Swap (SIFMA) index rate, or the CPI floating rate. For those swaps for which the State receives a variable-rate payment other than CPI, the State is exposed to basis risk should the relationship between the London Interbank Offered Rate (LIBOR) and SIFMA converge. If a change occurs that results in the rates moving to convergence, the synthetic rate on the bonds would change, and the expected cost savings may not be realized. As of June 30, 2008, the SIFMA rate was 1.55 percent, whereas 65 percent and 60 percent plus 30bp of LIBOR were 1.60 and 1.78 percent, respectively. The State recognizes this basis risk by including an amount for basis risk in its debt service budget. For fiscal year 2008, the budgeted amount for basis risk was $1,500,000.

Termination Risk
The State or the counterparty may terminate any of the swaps if the other party fails to perform under the terms of the contract. If any swap is terminated, the associated variable-rate bonds would no longer carry synthetic interest rates. Also, if at the time of termination the swap has a negative fair value, the State would be liable to the counterparty for a payment equal to the swap's fair value. Under the 2003 and 2005 swap agreements, the State has up to 270 days to fund any required termination payment. Under the 1990 swap agreements, the State may fund any required termination payment over a five-year period.

Rollover Risk
Because all of the swap agreements terminate when the associated debt is fully paid, the State is only exposed to rollover risk if an early termination occurs. Upon an early termination, the State will not realize the synthetic rate offered by the swaps on the underlying debt issues.

Swap Payments and Associated Debt
Using rates as of June 30, 2008, debt service requirements of the State's outstanding variable-rate bonds and net swap payments are as follows (amounts in thousands). As rates vary, variable-rate bond interest payments and net swap payments will vary.

Fiscal Year Ending June 30,	Variable-Rate Bonds Principal	Variable-Rate Bonds Interest	Interest Rate SWAP, Net	Total
2009	22,985	43,923	12,288	79,196
2010	24,410	43,311	11,401	79,122
2011	25,940	42,668	10,455	79,063
2012	29,125	41,995	9,988	81,108
2013	37,640	38,776	10,150	86,566
2014-2018	437,085	115,386	36,342	588,813
2019-2023	247,220	13,234	7,214	267,668
Total	$ 824,405	$ 339,293	$ 97,838	$ 1,261,536

b. Primary Government – Business–Type Activities
Revenue Bonds
Revenue bonds are those bonds that are paid out of resources pledged in the enterprise funds and component units.

Enterprise funds' revenue bonds outstanding at June 30, 2008, were as follows (amounts in thousands):

Funds	Final Maturity Dates	Original Interest Rates	Amount Outstanding (000's)
Uconn	2009-2033	3.5-6.5%	$ 183,204
State Universities	2009-2036	2-6.0%	314,530
Bradley International Airport	2009-2033	2.5-5.25%	208,535
Clean Water	2009-2028	2-5.%	463,481
Bradley Parking Garage	2009-2024	6.125-6.6%	46,205
Drinking Water	2009-2028	2-5.%	31,139
Rate Reduction Bonds	2009-2011	3-5%	110,990
Total Revenue Bonds			1,358,084
Plus/(Less) premiums, discounts and deferred amounts:			
Uconn			(4,566)
State Universities			1,806
Bradley International Airport			(41)
Clean Water			16,447
Other			6,133
Revenue Bonds, net			$ 1,377,863

The University of Connecticut has issued Student fee revenue bonds to finance the costs of buildings, improvements and renovations to certain revenue-generating capital projects. Revenues used for payments on the bonds are derived from various fees charged to students.

The Connecticut State University System has issued revenue bonds that finance the costs of auxiliary enterprise buildings, improvements and renovations to certain student housing related facilities. Revenues used for payments on the bonds are derived from various fees charged to students.

Bradley Airport has issued various revenue bonds to finance costs of improvements to the airport. As of June 30, 2008, the following bonds were outstanding:

a) 2004 Airport Revenue Refunding Bonds in the amount of $15.6 million. These bonds were issued in July, 2004, to redeem the 1992 Airport Revenue Refunding Bonds, and are secured by and payable solely from the gross operating revenues generated by the State from the operations of the airport and other receipts, funds or monies pledged in the bond indenture.

b) 2001 Bradley International Airport Revenue Bonds in the amount of $175.3 million and 2001 Bradley International Airport Refunding Bonds in the amount of $17.6 million. Both bond series are secured by and payable solely from the gross operating revenues generated by the state from the operation of the airport and other receipts, funds or monies pledged in the bond indenture.

As of June 30, 2008, Bradley airport has entered into interest rate swap agreements for $152.4 million of its variable rate bonds. Details on these agreements are disclosed under the separately issued audited financial statements of the fund.

In 1994, the State of Connecticut began issuing Clean Water Fund revenue bonds. The proceeds of these bonds are to be used to provide funds to make loans to Connecticut municipalities for use in connection with the financing or refinancing of wastewater treatment projects. As of June 30, 2008, the Clean Water Fund has entered into interest rate swap agreements for $121.4 million of its variable rate bonds. Details on these agreements are disclosed under the separately issued audited financial statements of the fund.

In 2000, Bradley Parking Garage bonds were issued in the amount of $53.8 million to build a parking garage at the airport.

In 2004, the State of Connecticut issued $205.3 million of Special Obligation Rate Reduction Bonds. These bonds were issued to sustain for two years the funding of energy conservation and load management and renewable energy investment programs by providing money to the State's General Fund.

Future amounts needed to pay principal and interest on revenue bonds outstanding at June 30, 2008, were as follows (amounts in thousands):

Year Ending June 30,	Principal	Interest	Total
2009	$ 91,743	$ 61,596	$ 153,339
2010	95,078	57,554	152,632
2011	110,856	58,284	169,140
2012	57,237	50,448	107,685
2013	63,298	47,376	110,674
2014-2018	315,157	190,682	505,839
2019-2023	316,060	110,989	427,049
2024-2028	196,875	48,170	245,045
2029-2033	101,020	11,272	112,292
2034-2038	10,760	303	11,063
Total	$ 1,358,084	$ 636,674	$ 1,994,758

c. Component Units

Component units' revenue bonds outstanding at June 30, 2008, were as follows (amounts in thousands):

Component Unit	Final Maturity Date	Interest Rates	Amount Outstanding (000's)
CT Development Authority	2009-2020	3.25-6%	$ 25,875
CT Housing Finance Authority	2009-2049	1.5-9.36%	3,526,926
CT Resources Recovery Authority	2009-2016	4-5.5%	23,346
CT Higher Education Supplemental Loan Authority	2009-2028	1.7-6%	153,880
Capital City Economic Development Authority	2009-2033	3.1-5%	84,265
UConn Foundation	2009-2029	3.875-5.%	7,165
Total Revenue Bonds			3,821,457
Plus/(Less) premiums, discounts, and deferred amounts:			
CDA			16
CRRA			(478)
CCEDA			139
CHESLA			(816)
Revenue Bonds, net			$ 3,820,318

Revenue bonds issued by the component units do not constitute a liability or debt of the State. The State is only contingently liable for those bonds as discussed below.

Connecticut Development Authority's revenue bonds are issued to finance such projects as the acquisition of land or the construction of buildings, and the purchase and installation of machinery, equipment, and pollution control facilities. The Authority finances these projects through its Self-Sustaining Bond Program and Umbrella Program. As of June 30, 2008 no bonds were outstanding under the Umbrella Program. Bonds issued under the Self-Sustaining Bond Program are discussed in the no-commitment debt section of this note. In addition, the Authority had $25.9 million in general obligation bonds outstanding at year-end. These bonds were issued to finance the lease of an entertainment/sports facility and the purchase of a hockey team.

Connecticut Housing Finance Authority's revenue bonds are issued to finance the purchase, development and construction of housing for low and moderate-income families and persons throughout the State. The Authority has issued bonds under a bond resolution dated 9/27/72 and

an indenture dated 9/25/95. As of December 31, 2007, bonds outstanding under the bond resolution and the indenture were $3,464.0 million and $62.9 million, respectively. According to the bond resolution, the following assets of the Authority are pledged for the payment of the bond principal and interest (1) the proceeds from the sale of bonds, (2) all mortgage repayments with respect to long-term mortgage and construction loans financed from the Authority's general fund, and (3) all monies and securities of the Authority's general and capital reserve funds. The capital reserve fund is required to be maintained at an amount at least equal to the amount of principal, sinking fund installments, and interest maturing and becoming due in the next succeeding calendar year ($262.3 million at 12/31/07) on all outstanding bonds. As of December 31, 2007, the Authority has entered into interest rate swap agreements for $903.3 million of its variable rate bonds. Details on these agreements are disclosed under the separately issued audited financial statements of the Authority.

Connecticut Resources Recovery Authority's revenue bonds are issued to finance the design, development and construction of resources recovery and recycling facilities and landfills throughout the State. These bonds are paid solely from the revenues generated from the operations of the projects and other receipts, accounts and monies pledged in the bond indentures.

Connecticut Higher Education Supplemental Loan Authority's revenue bonds are issued to provide loans to students, their parents, and institutions of higher education to assist in the financing of the cost of higher education. These loans are issued through the Authority's Bond fund. According to the bond resolutions, the Authority internally accounts for each bond issue in separate funds, and additionally, the Bond fund includes individual funds and accounts as defined by each bond resolution.

Each Authority has established special capital reserve funds that secure all the outstanding bonds of the Authority at year-end, except as discussed next. These funds are usually maintained at an amount equal to next year's bond debt service requirements. The State may be contingently liable to restore any deficiencies that may exist in the funds in any one year in the event that the Authority is unable to do so. For the Connecticut Resources Recovery Authority, the amount of bonds outstanding at year-end that were secured by the special capital reserve funds was $20.9 million.

The Capital City Economic Development Authority revenue bonds are issued to provide sufficient funds for carrying out its purposes. The bonds are not debt of the State of Connecticut. However, the Authority and the State have entered into a contract for financial assistance, pursuant to which the State will be obligated to pay principal and interest on the bonds in an amount not to exceed $6.7 million in any calendar year. The bonds are secured by energy fees from the central utility plant and by parking fees subject to the Travelers Indemnity Company parking agreement.

Future amounts needed to pay principal and interest on revenue bonds outstanding at June 30, 2008, were as follows (amounts in thousands):

Year Ending June 30,	Principal	Interest	Total
2009	$ 111,791	$ 163,941	$ 275,732
2010	118,824	159,397	278,221
2011	123,127	154,447	277,574
2012	125,139	149,134	274,273
2013	122,885	164,428	287,313
2014-2018	652,472	656,189	1,308,661
2019-2023	715,384	502,659	1,218,043
2024-2028	734,285	338,355	1,072,640
2029-2033	674,000	180,305	854,305
2034-2038	416,950	48,321	465,271
2039-2043	23,250	3,472	26,722
2044-2048	3,350	272	3,622
Total	$ 3,821,457	$ 2,520,920	$ 6,342,377

No-commitment debt

Under the Self-Sustaining Bond program, the Connecticut Development Authority issues revenue bonds to finance such projects as described previously in the component unit section of this note. These bonds are paid solely from payments received from participating companies (or from proceeds of the sale of the specific projects in the event of default) and do not constitute a debt or liability of the Authority or the State. Thus, the balances are not included in the Authority's financial statements. Total bonds outstanding for the year ended June 30, 2008 were $337.1 million.

The Connecticut Resources Recovery Authority has issued several bonds to fund the construction of waste processing facilities by independent contractors/operators. These bonds are payable from a pledge of revenues derived primarily under lease or loan arrangements between the Authority and the operators. Letters of credit secure some of these bonds. The Authority does not become involved in the construction activities or the repayment of the debt (other than the portion allocable to Authority purposes). In the event of a default, neither the authority nor the State guarantees payment of the debt, except for the State contingent liability discussed below. Thus, the assets and liabilities that relate to these bond issues are not included in the Authority's financial statements. Total bonds outstanding at June 30, 2008 were $105.2 million. Of this amount, $45.0 million was secured by a special capital reserve fund.

The Connecticut Health and Educational Facilities Authority has issued special obligation bonds for which the principal and interest are payable solely from the revenues of the institutions. Starting in 1999, the Authority elected to remove these bonds and related restricted assets from its financial statements, except for restricted assets for which the Authority has a fiduciary responsibility. Total special obligation bonds outstanding at June 30, 2008, were $6,817.5 million, of which $312.1 million was secured by special capital reserve funds.

The State may be contingently liable for those bonds that are secured by special capital reserve funds as discussed previously in this section.

e. Debt Refundings

During the year, the State issued $181.1 million of general obligation bonds with an average interest rate of 4.93% to advance refund $187.1 million of general obligation bonds with an average interest rate of 5.16%. The proceeds of the refunding bonds were used to purchase U.S. Government securities, which were deposited in an irrevocable trust with an escrow agent to provide for all future payments on the refunded bonds. Thus, the refunded bonds are considered defeased and the liability for those bonds have been removed from the statement of net assets. The reacquisition price exceeded the carrying amount of the old debt by $4.1 million. This amount is being netted against the new debt and amortized over the life of the new or old debt, whichever is shorter.

The State advance refunded these bonds to reduce its total debt service payments over the next fifteen years by $9.3 million and to obtain an economic gain (difference between the present values of the debt service payments of the old and new bonds) of $8.1 million. As of June 30, 2008, $2,899.5 million of outstanding general obligation, special tax obligation, and revenue bonds had been advanced refunded and are, accordingly, considered defeased.

In addition, $50 million of variable-rate general obligation bonds were advance refunded during the year.

Note 19 Risk Management

The risk financing and insurance program of the State is managed by the State Insurance and Risk Management Board. The Board is responsible mainly for determining the method by which the State shall insure itself against losses by the purchase of insurance to obtain the broadest coverage at the most reasonable cost, determining whether deductible provisions should be included in the insurance contract, and whenever appropriate determining whether the State shall act as self-insurer. The schedule below lists the risks of loss to which the State is exposed and the ways in which the State finances those risks.

	Risk Financed by	
Risk of Loss	Purchase of Commercial Insurance	Self-Insurance
Liability (Torts):		
-General (State buildings, parks, or grounds)		X
-Other	X	
Theft of, damage to, or destruction of assets	X	
Business interruptions	X	
Errors or omissions:		
-Professional liability	X	
-Medical malpractice (John Dempsey Hospital)		X
Injuries to employees		X
Natural disasters	X	

For the general liability risk, the State is self-insured because it has sovereign immunity. This means that the State cannot be sued for liability without its permission. For other liability risks, the State purchases commercial insurance only if the State can be held liable under a particular statute (e.g. per Statute the State can be held liable for injuries suffered by a person on a defective State highway), or if it is required by a contract.

For the risk of theft, of damage to, or destruction of assets (particularly in the automobile fleet), the State insures only leased cars and vehicles valued at more than $100 thousand. When purchasing commercial insurance the State may retain some of the risk by assuming a deductible or self-insured retention amount in the insurance policy. This amount varies greatly because the State carries a large number of insurance policies covering various risks. The highest deductible or self-insured retention amount assumed by the State is $25 million, which is carried in a railroad liability policy.

The State records its risk management activities related to the medical malpractice risk in the University of Connecticut fund, an Enterprise fund. At year-end, liabilities for unpaid claims are recorded in the statement of net assets (government-wide and proprietary fund statements) when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The liabilities are determined based on the ultimate cost of settling the claims, including an amount for claims that have been incurred but not reported and claim adjustment expenses. The liabilities are actuarially determined and the unpaid liability for medical malpractice is reported at its present value, using a discount rate of 5 percent. In the General Fund, the liability for unpaid claims is only recorded if the liability is due for payment at year-end. Settlements have not exceeded coverages for each of the past three fiscal years. Changes in the claims liabilities during the last two fiscal years were as follows (amounts in thousands):

	Governmental Activities Workers' Compensation	Business-Type Activities Medical Malpractice
Balance 6-30-06	$ 344,274	$ 21,636
Incurred claims	121,044	3,012
Paid claims	(83,190)	(4,648)
Balance 6-30-07	382,128	20,000
Incurred claims	115,558	3,291
Paid claims	(85,067)	(2,001)
Balance 6-30-08	$ 412,619	$ 21,290

Note 20 Interfund Receivables and Payables

Interfund receivable and payable balances at June 30, 2008, were as follows (amounts in thousands):

	Balance due to fund(s)											
	General	Transportation	Restricted Grants & Accounts	Other Governmental	UConn	State Universities	Other Proprietary	Employment Security	Internal Services	Fiduciary	Component Units	Total
Balance due from fund(s)												
General	$ -	$ -	$ 903	$ 919	$ 52,192	$ 22,617	$ 18,137	$ 691	$ 3,165	$ 5,100	$ -	$ 103,724
Debt Service	-	2,222	-	-	-	-	-	-	-	-	-	2,222
Restricted Grants & Accounts	2,861	-	-	-	-	-	-	-	-	-	137	2,998
Other Governmental	26,756	-	-	29,921	10,330	31,696	119,027	-	-	-	12,663	230,393
UConn	16,345	-	-	-	-	-	-	-	-	-	-	16,345
State Universities	2,930	-	-	-	-	-	-	-	-	-	-	2,930
Employment Security	9,048	-	-	264	-	-	-	-	-	-	-	9,312
Other Proprietary	422	-	3,003	-	-	-	-	-	-	-	-	3,425
Internal Services	4,650	-	-	65,925	-	-	-	-	-	-	-	70,575
Fiduciary	-	-	-	6,893	-	-	-	-	-	1,650	-	8,543
Component Units	5,057	-	-	-	-	-	-	-	-	-	-	5,057
Total	$ 68,069	$ 2,222	$ 3,906	$ 103,922	$ 62,522	$ 54,313	$ 137,164	$ 691	$ 3,165	$ 6,750	$ 12,800	$ 455,524

Interfund receivables and payables arose because of interfund loans and other interfund balances outstanding at year end.

Note 21 Interfund Transfer

Interfund transfers for the fiscal year ended June 30, 2008, consisted of the following (amounts in thousands):

	Amount transferred to fund(s)									
	General	Debt Service	Transportation	Restricted Grants & Accounts	Other Governmental	UConn	State Universities	Other Proprietary	Fiduciary	Total
Amount transferred from fund(s)										
General	$ -	$ -	$ 16,680	$ 130,924	$ 63,800	$ 518,919	$ 241,293	$ 235,399	$ -	$ 1,207,015
Debt Service	178	-	25,261	-	-	-	-	-	-	25,439
Transportation	-	417,172	-	20,800	9,500	-	-	-	-	447,472
Restricted Grants & Accounts	3,053	-	-	-	-	-	-	-	-	3,053
Other Governmental	119,120	-	-	52,616	50,669	8,955	24,839	51,522	2,789	310,510
Connecticut Lottery	283,000	-	-	-	-	-	-	-	-	283,000
Employment Security	-	-	-	-	18,671	-	-	-	-	18,671
Other Proprietary	-	-	-	-	-	-	-	9,448	-	9,448
Total	$ 405,351	$ 417,172	$ 41,941	$ 204,340	$ 142,640	$ 527,874	$ 266,132	$ 296,369	$ 2,789	$ 2,304,608

Transfers were made to (1) move revenues from the fund that budget or statute requires to collect them to the fund that budget or statute requires to expend them and (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due.

Note 22 Restatement of Fund Balance/Net Assets and Restricted Assets

As of June 30, 2008, the beginning fund balance/net assets for the following funds and other funds were restated as follows (amounts in thousands):

	Balance 6-30-07 Previously Reported	Fund Reclassification	Correction of Reported Assets/Liabilities	Balance 6-30-07 as Restated
Governmental Funds				
Restricted Grants and Accounts	$ -	$ 353,645	$ -	$ 353,645
Other Funds	$ 1,006,459	$ (353,645)	$ -	$ 652,814
Fiduciary Funds				
RTHP	$ 49,047	$ -	$ (5,211)	$ 43,836
Net Assts of Pension & Other Employees Benefit Trust Funds	$ 25,910,906	$ -	$ (5,211)	$ 25,905,695

As of June 30, 2008, the Restricted Grants and Accounts' Fund, a Special Revenue fund, was reported as a major fund in the governmental fund financial statements. In prior years, this fund was reported as a nonmajor fund.

During the year, the beginning net asset balance of the Retired Teacher Healthcare Plan, a fiduciary fund, was adjusted to correct a net misstatement in the assets and liability of the fund as of 6-30-07.

As of June 30, 2008, the government-wide statement of net assets reported $3,380 million of restricted net assets, of which $251 million was restricted by enabling legislation.

Note 23 Related Organizations

Related organizations are legally separate organizations that are not financially accountable to the State. However, these organizations are still related to the State as discussed next.

The State appoints a voting majority of the following organizations' governing boards: the Community Economic Development Fund and the Connecticut Student Loan Foundation. The State's accountability for these organizations does not extend beyond making the appointments.

Note 24 New Accounting Pronouncements

In fiscal year 2008, the State implemented the following Statements issued by the Governmental Accounting Standards Board: Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions"; and Statement No. 50, "Pension Disclosures."

Statement No. 45 provides new guidance regarding the treatment of postemployment benefits other than pensions (OPEB). For example, healthcare and life insurance benefits. The Statement establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employers.

Statement No. 50 requires that the funded status of defined benefit pension plans as of the most recent actuarial valuation date be disclosed in the notes to the financial statements. It also requires that actuarial methods and significant assumptions used in the most recent actuarial valuation be disclosed in the notes to the financial statements instead of in notes to RSI.

Note 25 Commitments and Contingencies

A. Commitments

Primary Government

Commitments are defined as "existing arrangements to enter into future transactions or events, such as long-term contractual obligations with suppliers for future purchases at specified prices and sometimes at specified quantities." As of June 30, 2008, the Departments of Transportation and Public Works had contractual commitments of approximately $985 million for infrastructure and other construction projects. Additionally, other commitments were approximately as follows:

School construction and alteration grant program $3,091 million.
Clean and drinking water loan programs $185 million.
Various programs and services $1,736 million.
All commitments are expected to be funded by federal grants, bond proceeds, and other resources.

Component Units

As of December 31, 2007, the Connecticut Housing Finance Authority had mortgage loan commitments of approximately $122 million.

B. Contingent Liabilities

The State entered into a contractual agreement with H.N.S. Management Company, Inc. and ATE Management and Service Company, Inc. to manage and operate the bus transportation system for the State. The State shall pay all expenses of the system including all past, present and future pension plan liabilities of the personnel employed by the system and any other fees as agreed upon. When the agreement is terminated the State shall assume or make arrangements for the assumption of all the existing obligations of the management companies including but not limited to all past, present and future pension plan liabilities and obligations.

In 2002 the City of Waterbury issued $97.5 million of General Obligation Special Capital Reserve Fund Bonds. These bonds are secured by a Special Capital Reserve Fund for which the State may be contingently liable as explained previously in Note 18 – Component Units.

Amounts received or receivable by the State from grant agencies are subject to audit and adjustment by grantor agencies, mainly the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the federal government cannot be determined at this time, although the State expects such amounts, if any, to be immaterial.

C. Litigation

The State, its units and employees are parties to numerous legal proceedings, many of which normally occur in government operations. Most of these legal proceedings are not, in the opinion of the Attorney General, likely to have a material adverse impact on the State's financial position.

There are, however, several legal proceedings which, if decided adversely against the State, may require the State to make material future expenditures for expanded services or capital facilities or may impair future revenue sources. It is neither possible to determine the outcome of these proceedings nor to estimate the possible effects adverse decisions may have on the future expenditures or revenue sources of the State.

Note 26 Subsequent Events

In July 2008, the State issued $196 million of Clean Water Fund revenue bonds. The bonds will mature in years 2009 through 2018 and bear interest rates ranging from 3.0% to 5.0%

In September 2008, the State issued $98 million of Second Lien Special Tax Obligation Refunding Bonds. The bonds will mature in years 2009 through 2022 and bear interest rates ranging from 3.0% to 5.0%.

In October 2008, the State issued $500 million of general obligation bonds. The bonds will mature in years 2009 through 2028 and bear interest rates ranging from 3.5% to 5.75%.

In November 2008, the State issued $300 million of Special Tax Obligation Bonds. The bonds will mature in years 2009 through 2028 and bear interest rates ranging from 3.0% to 5.0%.

In January 2009, the State issued $415 million of Second Lien Special Tax Obligation Refunding Bonds. The bonds will mature in year 2010 through 2022 and bear interest rates ranging from 2.0% to 5.0%.

In February 2009, the State issued $400 million of General Obligation Bonds. The bonds will mature in years 2010 through 2029 and bear interest rates ranging from 2.0% to 5.0%.

Required PERS Supplementary Information

Pension and Other Postemployment Benefit Plans
Required Supplementary Information
Schedules of Funding Progress

(Expressed in Millions)

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(b-a) Unfunded AAL (UAAL)	(a/b) Funded Ratio	(c) Covered Payroll	((b-a)/c) UAAL as a Percentage of Covered Payroll
SERS						
6/30/2003	$8,058.6	$14,223.8	$6,165.2	56.7%	$2,654.3	232.3%
6/30/2004	$8,238.3	$15,128.5	$6,890.2	54.5%	$2,816.7	244.6%
6/30/2005	$8,517.7	$15,987.5	$7,469.8	53.3%	$2,980.1	250.7%
6/30/2006	$8,951.4	$16,830.3	$7,878.9	53.2%	$3,107.9	253.5%
6/30/2007	$9,585.1	$17,888.1	$8,303.0	53.6%	$3,310.4	250.8%
6/30/2008	$9,990.2	$19,243.4	$9,253.2	51.9%	$3,497.4	264.6%
TRS						
6/30/2003 *	-	-	-	-	-	-
6/30/2004	$9,846.7	$15,070.5	$5,223.8	65.3%	$2,930.8	178.2%
6/30/2005 *	-	-	-	-	-	-
6/30/2006	$10,190.3	$17,112.8	$6,922.5	59.5%	$3,137.7	220.6%
6/30/2007 *	-	-	-	-	-	-
6/30/2008	15,271.00	21,801.00	$6,530.0	70.0%	3,399.30	192.1%
*No actuarial valuations were performed.						
JRS						
6/30/2003	$142.8	$211.1	$68.3	67.6%	$27.8	245.7%
6/30/2004	$150.9	$219.8	$68.9	68.7%	$28.9	238.4%
6/30/2005	$160.3	$235.0	$74.7	68.2%	$30.2	247.8%
6/30/2006	$169.7	$246.9	$77.2	68.7%	$31.8	242.8%
6/30/2007	$182.4	$261.2	$78.8	69.8%	$33.8	233.1%
6/30/2008	$191.7	$267.0	$75.3	71.8%	$34.0	221.5%
RTHP						
6/30/2008 *	$-	$2,318.8	$2,318.8	0.0%	$3,399.3	68.2%

* Only one actuarial valuation is presented because GASB Statement No. 45 was implemented in the current fiscal year.

Pension and Other Postemployment Benefit Plans
Required Supplementary Information
Schedules of Employer Contributions

(Expressed in Millions)

	SERS		TRS		JRS		RTHP	
Fiscal Year	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed
2003	$421.5	100.0%	$221.2	81.3%	$10.1	100.0%	-	0.0%
2004	$470.3	100.0%	$270.5	68.5%	$11.6	100.0%	-	0.0%
2005	$518.8	100.0%	$281.4	65.8%	$12.2	100.0%	-	0.0%
2006	$623.1	100.0%	$396.2	100.0%	$11.7	100.0%	-	0.0%
2007	$663.9	100.0%	$416.0	99.0%	$12.4	100.0%	-	0.0%
2008 *	$716.9	99.2%	$518.6	485.7%	$13.4	100.0%	$116.1	17.9%

* For RTHP required information was presented starting this fiscal year because it was the year in which GASB Statement No. 45 was implemented.

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Combining Funds Statements and Schedules Nonmajor Funds

Balance Sheet
Nonmajor Governmental Funds-By Fund Type
June 30, 2008
(Expressed in Thousands)

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total
Assets				
Cash and Cash Equivalents	$ 494,120	$ -	$ 6,447	$ 500,567
Investments	45,639	-	92,015	137,654
Securities Lending Collateral	-	-	14,060	14,060
Receivables:				
Accounts, Net of Allowances	28,084	136	-	28,220
Loans, Net of Allowances	204,537	-	-	204,537
From Other Governments	9,573	-	-	9,573
From Other Funds	4,912	98,975	35	103,922
Other	-	-	5	5
Restricted Assets	481	-	-	481
Other Assets	218	-	-	218
Total Assets	$ 787,564	$ 99,111	$ 112,562	$ 999,237
Liabilities and Fund Balances				
Liabilities				
Accounts Payable and Accrued Liabilities	$ 24,061	$ 47,796	$ -	$ 71,857
Due to Other Funds	5,573	208,116	4,041	217,730
Due to Component Units	12,663	-	-	12,663
Deferred Revenue	35,331	136	-	35,467
Securities Lending Obligation	-	-	14,060	14,060
Total Liabilities	77,628	256,048	18,101	351,777
Fund Balances				
Reserved For:				
Loans	204,537	-	-	204,537
Continuing Appropriations	2,239	-	-	2,239
Restricted Purposes	481	-	-	481
Permanent Investments	-	-	92,015	92,015
Trust Activities	-	-	2,446	2,446
Unreserved	502,679	(156,937)	-	345,742
Total Fund Balances (Deficit)	709,936	(156,937)	94,461	647,460
Total Liabilities and Fund Balances	$ 787,564	$ 99,111	$ 112,562	$ 999,237

Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds - By Fund Type

For The Fiscal Year Ended June 30, 2008
(Expressed in Thousands)

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total
Revenues				
Taxes	$ 27,835	$ -	$ -	$ 27,835
Assessments	21,457	-	-	21,457
Licenses, Permits and Fees	61,334	-	-	61,334
Tobacco Settlement	141,347	-	-	141,347
Federal Grants and Aid	70,118	38	-	70,156
Charges for Services	5,946	-	1	5,947
Fines, Forfeits and Rents	2,370	-	-	2,370
Investment Earnings	13,823	-	3,216	17,039
Miscellaneous	79,377	6	-	79,383
Total Revenues	423,607	44	3,217	426,868
Expenditures				
Current:				
General Government	202,414	-	-	202,414
Regulation and Protection	183,969	-	-	183,969
Conservation and Development	193,326	-	734	194,060
Health and Hospitals	9,542	-	1	9,543
Transportation	3,601	-	-	3,601
Human Services	18,434	-	-	18,434
Education, Libraries, and Museums	723,082	-	321	723,403
Corrections	5,895	-	-	5,895
Judicial	17,486	-	3	17,489
Capital Projects	-	341,148	-	341,148
Debt Service:				
Interest and Fiscal Charges	4,336	2,949	-	7,285
Total Expenditures	1,362,085	344,097	1,059	1,707,241
Excess (Deficiency) of Revenues Over Expenditures	(938,478)	(344,053)	2,158	(1,280,373)
Other Financing Sources (Uses)				
Bonds Issued	929,600	455,400	-	1,385,000
Premium on Bonds Issued	37,807	20,082	-	57,889
Transfers In	142,640	-	-	142,640
Transfers Out	(190,148)	(116,721)	(3,641)	(310,510)
Total Other Financing Sources (Uses)	919,899	358,761	(3,641)	1,275,019
Net Change in Fund Balances	(18,579)	14,708	(1,483)	(5,354)
Fund Balances (Deficit) - Beginning (as restated)	728,515	(171,645)	95,944	652,814
Fund Balances (Deficit) - Ending	$ 709,936	$ (156,937)	$ 94,461	$ 647,460

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Special Revenue Funds

Workers' Compensation Administration:
to account for assessments collected for the purpose of covering the administrative costs of the Workers' Compensation Commission.

Banking:
to account for monies collected from various banking institutions throughout the state.

Consumer Counsel and Public Utility Control:
to account for monies collected from various public utility companies.

Insurance:
to account for monies collected from authorized insurers within the state.

Criminal Injuries Compensation:
to account for monies collected from the criminal injuries board.

Regional Market Fund:
to account for rents and other monies collected for the purpose of providing for the payment of expenses relating to the operation and maintenance of the regional market.

Mashantucket Pequot and Mohegan Fund:
to account for casino gambling monies collected from the Mashantucket Pequot Tribe and the Mohegan Tribe to be used for the purpose of distribution to towns.

Soldiers, Sailors, and Marines Fund:
to account for interest earned for the purpose of furnishing food, wearing apparel, medical or surgical care, or funeral expenses of soldiers, sailors, and marines who served in any branch of military service.

Employment Security Administration:
to account for monies collected from various sources for the purpose of defraying the cost of the administration of unemployment compensation.

Environmental Programs:
to account for monies collected for the purpose of providing funds for various environmental programs throughout the state.

Housing Programs:
to account for monies collected for the purpose of providing funds for various housing programs throughout the state.

Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2008
(Expressed in Thousands)

	Workers' Compensation	Banking	Consumer Counsel and Public Utility Control	Insurance	Criminal Injuries	Mashantucket Pequot and Mohegan Fund
Assets						
Cash and Cash Equivalents	$ 13,289	$ 53,811	$ 8,787	$ 7,307	$ 6,078	$ 150
Investments	-	-	-	-	-	-
Receivables:						
Accounts, Net of Allowances	-	65	-	-	-	-
Loans, Net of Allowances	-	-	-	-	-	-
From Other Governments	-	-	-	-	-	-
From Other Funds	130	-	-	42	33	-
Restricted Assets	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-
Total Assets	$ 13,419	$ 53,876	$ 8,787	$ 7,349	$ 6,111	$ 150
Liabilities and Fund Balances						
Liabilities						
Accounts Payable and Accrued Liabilities	$ 939	$ 683	$ 2,712	$ 910	$ 572	$ -
Due to Other Funds	211	134	165	177	-	-
Due to Component Units	-	-	-	-	-	-
Deferred Revenue	-	50	5,104	5,068	-	-
Total Liabilities	1,150	867	7,981	6,155	572	-
Fund Balances						
Reserved For:						
Loans	-	-	-	-	-	-
Continuing Appropriations	1,020	1,050	-	45	-	-
Restricted Purposes	-	-	-	-	-	-
Unreserved	11,249	51,959	806	1,149	5,539	150
Total Fund Balances	12,269	53,009	806	1,194	5,539	150
Total Liabilities and Fund Balances	$ 13,419	$ 53,876	$ 8,787	$ 7,349	$ 6,111	$ 150

Regional Market	Soldiers, Sailors & Marines	Employment Security Administration	Grant & Loan Programs	Environmental Programs	Housing Programs	Other	Total
$1,090	$ -	$ 14,745	$ 199,633	$ 106,819	$ 33,542	$ 48,869	$ 494,120
-	-	-	-	45,639	-	-	45,639
-	-	-	1,900	22,730	296	3,093	28,084
-	-	-	159,728	29,868	14,533	408	204,537
-	-	9,573	-	-	-	-	9,573
-	3,764	314	72	1	-	556	4,912
-	-	-	-	481		-	481
-	-	-	-	218	-	-	218
$1,090	$ 3,764	$ 24,632	$ 361,333	$ 205,756	$ 48,371	$ 52,926	$ 787,564
$ 25	$ 53	$ 3,432	$ 6,601	$ 5,017	$ -	$ 3,117	$ 24,061
5	3,711	630	32	377	-	131	5,573
-	-	-	12,663	-	-	-	12,663
-	-	-	1,882	20,433	296	2,498	35,331
30	3,764	4,062	21,178	25,827	296	5,746	77,628
-	-	-	159,728	29,868	14,533	408	204,537
124	-	-	-	-	-	-	2,239
-	-	-	-	481	-	-	481
936	-	20,570	180,427	149,580	33,542	46,772	502,679
1,060	-	20,570	340,155	179,929	48,075	47,180	709,936
$1,090	$ 3,764	$ 24,632	$ 361,333	$ 205,756	$ 48,371	$ 52,926	$ 787,564

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds

For The Fiscal Year Ended June 30, 2008
(Expressed in Thousands)

	Workers' Compensation	Banking	Consumer Counsel Public Utility Control	Insurance	Criminal Injuries	Mashantucket Pequot and Mohegan Fund
Revenues						
Taxes	$ -	$ -	$ -	$ -	$ -	$ -
Assessments	-	-	-	-	-	-
Licenses, Permits and Fees	-	19,693	52	7	1,093	-
Tobacco Settlement	-	-	-	-	-	-
Federal Grants and Aid	-	-	-	-	-	-
Charges for Services	14	-	-	-	-	-
Fines, Forfeits and Rents	-	595	4	-	39	-
Investment Earnings	863	-	-	299	229	-
Miscellaneous	20,571	27	20,824	21,765	1,951	-
Total Revenues	21,448	20,315	20,880	22,071	3,312	-
Expenditures						
Current:						
General Government	-	-	-	-	-	92,999
Regulation and Protection	20,801	17,572	20,467	22,945	-	-
Conservation and Development	-	-	-	-	-	-
Health and Hospitals	-	-	-	-	-	-
Transportation	-	-	-	-	-	-
Human Services	-	-	-	-	-	-
Education, Libraries, and Museums	-	-	-	-	-	-
Corrections	-	-	-	-	-	-
Judicial	-	-	-	-	3,228	-
Debt Service:						
Interest and Fiscal Charges	-	-	-	-	-	-
Total Expenditures	20,801	17,572	20,467	22,945	3,228	92,999
Excess (Deficiency) of Revenues Over Expenditures	647	2,743	413	(874)	84	(92,999)
Other Financing Sources (Uses)						
Bonds Issued	-	-	-	-	-	-
Premium on Bonds Sold	-	-	-	-	-	-
Transfers In	-	-	-	-	-	93,049
Transfers Out	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	93,049
Net Change in Fund Balances	647	2,743	413	(874)	84	50
Fund Balances - Beginning (as restated)	11,622	50,266	393	2,068	5,455	100
Fund Balances - Ending	$ 12,269	$ 53,009	$ 806	$ 1,194	$ 5,539	$ 150

Regional Market	Soldiers, Sailors & Marines	Employment Security Administration	Grant & Loan Programs	Environmental Programs	Housing Programs	Other	Total
$ -	$ -	$ -	$ -	$ 27,835	$ -	$ -	$ 27,835
-	-	-	-	21,457	-	-	21,457
58	-	306	-	23,773	-	16,352	61,334
-	-	-	-	-	-	141,347	141,347
-	-	70,118	-	-	-	-	70,118
-	-	1	-	5,253	-	678	5,946
906	-	-	-	748	-	78	2,370
44	-	390	4,906	4,290	716	2,086	13,823
60	-	15	6,286	4,420	391	3,067	79,377
1,068	-	70,830	11,192	87,776	1,107	163,608	423,607
-	-	-	62,405	42,357	-	4,653	202,414
-	-	84,697	766	-	-	16,721	183,969
865	-	-	95,924	84,628	10,739	1,170	193,326
-	-	-	5,663	-	-	3,879	9,542
-	-	-	3,601	-	-	-	3,601
-	3,110	-	13,952	-	-	1,372	18,434
-	-	-	715,541	-	-	7,541	723,082
-	-	-	1,539	-	-	4,356	5,895
-	-	-	-	-	-	14,258	17,486
100	-	-	4,099	137	-	-	4,336
965	3,110	84,697	903,490	127,122	10,739	53,950	1,362,085
103	(3,110)	(13,867)	(892,298)	(39,346)	(9,632)	109,658	(938,478)
-	-	-	884,100	31,000	14,500	-	929,600
-	-	-	36,684	1,123	-	-	37,807
-	3,110	18,671	4,021	4,102	-	19,687	142,640
-	-	-	(32,585)	(6,514)	(17)	(151,032)	(190,148)
-	3,110	18,671	892,220	29,711	14,483	(131,345)	919,899
103	-	4,804	(78)	(9,635)	4,851	(21,687)	(18,579)
957	-	15,766	340,233	189,564	43,224	68,867	728,515
$ 1,060	$ -	$ 20,570	$ 340,155	$ 179,929	$ 48,075	$ 47,180	$ 709,936

Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual - Non-GAAP Budgetary Basis Budgeted Nonmajor Special Revenue Funds

For the Fiscal Year Ended June 30, 2008
(Expressed in Thousands)

	Workers' Compensation			Banking		
	Final Budget	Actual	Variance	Final Budget	Actual	Variance
Revenues						
Budgeted:						
Fees, Assessments, and Other Income	$ 23,800	$ 21,449	$ (2,351)	$ 19,700	$ 20,300	$ 600
Total Budgeted Revenues	23,800	21,449	(2,351)	19,700	20,300	600
Expenditures						
Budgeted:						
Regulation and Protection	23,941	20,699	3,242	19,769	17,482	2,287
Judicial	-	-	-	-	-	-
Total Budgeted Expenditures	23,941	20,699	3,242	19,769	17,482	2,287
Excess (Deficiency) of Revenues Over Expenditures	(141)	750	891	(69)	2,818	2,887
Other Financing Sources (Uses)						
Prior Year Appropriations Carried Forward	-	239	239	-	100	100
Appropriations Continued to Fiscal Year 2009	-	(1,020)	(1,020)	-	(1,050)	(1,050)
Total Other Financing Sources (Uses)	-	(781)	(781)	-	(950)	(950)
Net Change in Fund Balances	$ (141)	(31)	$ 110	$ (69)	1,868	$ 1,937
Budgetary Fund Balances - July 1		12,669			50,993	
Changes in Reserves		781			950	
Budgetary Fund Balances - June 30		$ 13,419			$ 53,811	

Consumer Counsel & Public Utility Control			Insurance			Criminal Injuries Compensation		
Final Budget	Actual	Variance	Final Budget	Actual	Variance	Final Budget	Actual	Variance
$ 23,400	$ 21,174	$ (2,226)	$ 23,500	$ 22,965	$ (535)	$ 3,525	$ 3,312	$ (213)
23,400	21,174	(2,226)	23,500	22,965	(535)	3,525	3,312	(213)
23,345	20,918	2,427	22,839	22,873	(34)	-	-	-
-	-	-	-	-	-	3,525	3,525	-
23,345	20,918	2,427	22,839	22,873	(34)	3,525	3,525	-
55	256	201	661	92	(569)	-	(213)	(213)
-	-	-	-	400	400	-	-	-
-	-	-	-	(45)	(45)	-	-	-
-	-	-	-	355	355	-	-	-
$ 55	256	$ 201	$ 661	447	$ (214)	$ -	(213)	$ (213)
	8,532			7,258			6,324	
	-			(355)			-	
	$ 8,788			$ 7,350			$ 6,111	

Continued on next page

Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual - Non-GAAP Budgetary Basis Budgeted Nonmajor Special Revenue Funds (Continued)

For the Fiscal Year Ended June 30, 2008
(Expressed in Thousands)

	Mashantucket Pequot and Mohegan Fund			Regional Market		
	Final Budget	Actual	Variance	Final Budget	Actual	Variance
Revenues						
Budgeted:						
Operating Transfers In	$ 86,300	$ 93,048	$ 6,748	$ -	$ -	$ -
Fees, Assessments, and Other Income	-	-	-	1,100	1,067	(33)
Total Budgeted Revenues	86,300	93,048	6,748	1,100	1,067	(33)
Expenditures						
Budgeted:						
General Government	92,998	92,998	-	-	-	-
Conservation and Development	-	-	-	1,219	870	349
Human Services	-	-	-	-	-	-
Non Functional	-	-	-	-	100	(100)
Total Budgeted Expenditures	92,998	92,998	-	1,219	970	249
Excess (Deficiency) of Revenues Over Expenditures	(6,698)	50	6,748	(119)	97	216
Other Financing Sources (Uses)						
Appropriations Continued to Fiscal Year 2009	-	-	-	-	(124)	(124)
Net Change in Fund Balances	$ (6,698)	50	$ 6,748	$ (119)	(27)	$ 92
Budgetary Fund Balances - July 1		100			992	
Changes in Reserves		-			124	
Budgetary Fund Balances - June 30		$ 150			$ 1,089	

Soldiers, Sailors, and Marines

Final Budget	Actual	Variance
$ -	$ -	$ -
3,300	2,851	(449)
3,300	2,851	(449)
-	-	-
-	-	-
3,105	3,104	1
-	-	-
3,105	3,104	1
195	(253)	(448)
-	-	-
$ 195	(253)	$ (448)
	(3,445)	
	-	
	$ (3,698)	

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Capital Projects Funds

State Facilities:
to account for proceeds of bond issues and other sources and the subsequent expenditures for the construction of various state buildings and structures.

Infrastructure:
to account for the proceeds of bond issues and related capital project grants to finance the State's transportation infrastructure program over a ten-year period. This program encompasses the planning, acquisition, removal, construction, equipping, reconstruction, repair, rehabilitation and improvement of, and acquisition of easements and rights-of-way with respect to, State highways and bridges, projects on the interstate highway system, alternate highway projects in the interstate substitution program (the "interstate trade-in program"), waterway facilities, aeronautic facilities (excluding Bradley International Airport), the highway safety program, maintenance garages and administrative facilities of the Department, payment of the State's share of the costs of the local bridge program and payment of State contributions to the local bridge revolving fund.

Other Transportation:
to account for the proceeds of bond issues and related grants to be used for other transportation related capital projects.

Combining Balance Sheet
Nonmajor Capital Projects Funds

June 30, 2008
(Expressed in Thousands)

	State Facilities	Infrastructure	Transportation	Total
Assets				
Receivables:				
Accounts, Net of Allowances	$ -	$ 136	$ -	$ 136
From Other Funds	-	92,390	6,585	98,975
Total Assets	$ -	$ 92,526	$ 6,585	$ 99,111
Liabilities and Fund Balances				
Liabilities				
Accounts Payable and Accrued Liabilities	$ 25,724	$ 22,072	$ -	$ 47,796
Due To Other Funds	207,897	219	-	208,116
Deferred Revenue	-	136	-	136
Total Liabilities	233,621	22,427	-	256,048
Fund Balances				
Unreserved	(233,621)	70,099	6,585	(156,937)
Total Fund Balances (Deficit)	(233,621)	70,099	6,585	(156,937)
Total Liabilities and Fund Balances	$ -	$ 92,526	$ 6,585	$ 99,111

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds

For The Fiscal Year Ended June 30, 2008
(Expressed in Thousands)

	State Facilities	Infrastructure	Transportation	Total
Revenues				
Federal Grants and Aid	$ -	$ 38	$ -	$ 38
Miscellaneous	-	-	6	6
Total Revenues	-	38	6	44
Expenditures				
Capital Projects	121,260	219,888	-	341,148
Debt Service:				
Interest and Fiscal Charges	1,146	1,803	-	2,949
Total Expenditures	122,406	221,691	-	344,097
Excess (Deficiency) of Revenues Over Expenditures	(122,406)	(221,653)	6	(344,053)
Other Financing Sources (Uses)				
Bonds Issued	205,400	250,000	-	455,400
Premium on Bonds Issued	9,411	10,671	-	20,082
Transfer Out	(89,745)	(26,976)	-	(116,721)
Total Other Financing Sources (Uses)	125,066	233,695	-	358,761
Net Change in Fund Balances	2,660	12,042	6	14,708
Fund Balances (Deficit) - Beginning	(236,281)	58,057	6,579	(171,645)
Fund Balances (Deficit) - Ending	$ (233,621)	$ 70,099	$ 6,585	$ (156,937)

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Permanent Funds

Soldiers', Sailors', and Marines':
to account for the principal and interest earned on investments of this fund. Interest earned has been earmarked by the General Assembly for the benefit of resident veterans to provide such things as food, wearing apparel, medical or surgical aid, care and relief or funeral benefits.

Connecticut Arts Endowment:
A fund established to support arts organizations throughout Connecticut. The fund administered by the Connecticut Commission on the Arts, finances grants to eligible arts organizations throughout the state.

Combining Balance Sheet
Nonmajor Permanent Funds

June 30, 2008
(Expressed in Thousands)

	Soldiers, Sailors, & Marines	Connecticut Arts Endowment	Other	Total
Assets				
Cash and Cash Equivalents	$ 527	$ -	$ 5,920	$ 6,447
Investments	60,839	16,285	14,891	92,015
Securities Lending Collateral	9,487	2,438	2,135	14,060
Other Receivables	1	2	2	5
Due From Other Funds	-	-	35	35
Total Assets	$ 70,854	$ 18,725	$ 22,983	$ 112,562
Liabilities and Fund Balance				
Liabilities				
Due To Other Funds	$ 3,763	$ -	$ 278	$ 4,041
Securities Lending Obligation	9,487	2,438	2,135	14,060
Total Liabilities	13,250	2,438	2,413	18,101
Fund Balances				
Reserved For:				
Permanent Investments	60,839	16,285	14,891	92,015
Trust Activities	(3,235)	2	5,679	2,446
Total Fund Balances	57,604	16,287	20,570	94,461
Total Liabilities and Fund Balances	$ 70,854	$ 18,725	$ 22,983	$ 112,562

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Permanent Funds

For The Fiscal Year Ended June 30, 2008
(Expressed in Thousands)

	Soldiers, Sailors, & Marines	Connecticut Arts Endowment	Other	Total
Revenues				
Investment Earnings	$ 2,062	$ 854	$ 300	$ 3,216
Charges for Services	-	-	1	1
Total Revenues	2,062	854	301	3,217
Expenditures				
Conservation and Development	-	734	-	734
Health and Hospital	-	-	1	1
Education, Libraries and Museums	-	-	321	321
Judicial	-	-	3	3
Total Expenditures	-	734	325	1,059
Excess (Deficiency) of Revenues Over Expenditures	2,062	120	(24)	2,158
Other Financing Sources (Uses)				
Transfers Out	(3,110)	-	(531)	(3,641)
Total Other Financing Sources (Uses)	(3,110)	-	(531)	(3,641)
Net Change in Fund Balances	(1,048)	120	(555)	(1,483)
Fund Balances - Beginning	58,652	16,167	21,125	95,944
Fund Balances - Ending	$ 57,604	$ 16,287	$ 20,570	$ 94,461

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Enterprise Funds

Bradley Parking Garage:
In 2000, Bradley parking garage bonds were issued in the amount of $53,800,000. These bonds were issued to build a parking garage at the airport.

Second Injury and Compensation Assurance:
An extension of the Worker's compensation Act, the fund is currently used to pay claimants whose injuries are made more severe because of a pre-existing condition, and in cases where an injured worker receiving worker's compensation subsequently undergoes an incapacitating relapse.

Drinking Water:
to account for resources used to provide loans to municipalities to finance activities needed to achieve or maintain compliance with the Safe Drinking Water Act.

Combining Statement of Net Assets
Nonmajor Enterprise Funds

June 30, 2008
(Expressed in Thousands)

	Community/ Technical Colleges	Second Injury & Compensation Assurance	Bradley Parking Garage
Assets			
Current Assets:			
Cash and Cash Equivalents	$ 88,352	$ 61,566	$ 95
Accounts Receivable, Net of Allowances	5,426	10,340	491
Loans, Net of Allowances	-	-	-
Interest Receivable	545	-	156
Due From Other Funds	137,164	-	-
Inventories	1,440	-	-
Other	679	46	-
Total Current Assets	233,606	71,952	742
Noncurrent Assets:			
Cash and Cash Equivalents	-	-	-
Investments	-	-	-
Receivables:			
Loans, Net of Allowances	458	-	-
Restricted Assets	-	-	12,183
Capital Assets, Net of Accumulated Depreciation	447,204	8	34,523
Other Noncurrent Assets	-	-	1,029
Total Noncurrent Assets	447,662	8	47,735
Total Assets	681,268	71,960	48,477
Liabilities			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	43,239	10,337	2,444
Current Portion of Long-Term Debt	1,767	333	1,671
Deferred Revenue	3,878	-	-
Other Current Liabilities	217	-	15,446
Total Current Liabilities	49,101	10,670	19,561
Noncurrent Liabilities:			
Noncurrent Portion of Long-Term Liabilities	34,099	1,081	45,149
Total Noncurrent Liabilities	34,099	1,081	45,149
Total Liabilities	83,200	11,751	64,710
Net Assets (Deficit)			
Invested in Capital Assets, Net of Related Debt	447,203	-	(11,682)
Restricted for:			
Debt Service	-	-	4,508
Drinking Water Projects	-	-	-
Nonexpendable Purposes	20	-	-
Other Purposes	118,012	-	-
Unrestricted (Deficit)	32,833	60,209	(9,059)
Total Net Assets (Deficit)	$ 598,068	$ 60,209	$ (16,233)

Drinking Water	Rate Reduction Bond Operations (12-31-07)	Total
$ 1,470	$ 3,673	$ 155,156
-	2,483	18,740
28,754	-	28,754
1,077	-	1,778
-	-	137,164
-	-	1,440
-	-	725
31,301	6,156	343,757
15,418	7,535	22,953
2,459	13,000	15,459
40,356	-	40,814
41,604	-	53,787
-	-	481,735
641	-	1,670
100,478	20,535	616,418
131,779	26,691	960,175
394	150	56,564
1,563	29,830	35,164
915	-	4,793
-	-	15,663
2,872	29,980	112,184
31,418	87,293	199,040
31,418	87,293	199,040
34,290	117,273	311,224
-	-	435,521
-	24,208	28,716
86,309	-	86,309
-	-	20
-	-	118,012
11,180	(114,790)	(19,627)
$ 97,489	$ (90,582)	$ 648,951

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Nonmajor Enterprise Funds

For The Fiscal Year Ended June 30, 2008
(Expressed in Thousands)

	Community/ Technical Colleges	Second Injury & Compensation Assurance	Bradley Parking Garage
Operating Revenues			
Assessments	$ -	$ 44,247	$ -
Charges for Sales and Services	88,970	-	22,416
Federal Grants and Contracts	37,851	-	-
State Grants and Contracts	16,290	-	-
Private Gifts and Grants	2,199	-	-
Interest on Loans	-	-	-
Miscellaneous	2,986	803	-
Total Operating Revenues	148,296	45,050	22,416
Operating Expenses			
Salaries, Wages and Administrative	372,624	7,477	8,034
Claims Paid	-	37,540	-
Depreciation and Amortization	15,426	4	1,162
Other	19,372	-	-
Total Operating Expenses	407,422	45,021	9,196
Operating Income	(259,126)	29	13,220
Nonoperating Revenues (Expenses)			
Interest and Investment Income	3,533	2,377	568
Interest and Fiscal Charges	-	-	(3,451)
Other	1,979	-	(934)
Total Nonoperating Income (Expense)	5,512	2,377	(3,817)
Income (Loss) Before Grants and Transfers	(253,614)	2,406	9,403
Federal Capitalization Grants	-	-	-
Transfers In	283,085	-	-
Transfers Out	-	-	(9,448)
Change in Net Assets	29,471	2,406	(45)
Total Net Assets (Deficit) - Beginning	568,597	57,803	(16,188)
Total Net Assets (Deficit) - Ending	$ 598,068	$ 60,209	$ (16,233)

Drinking Water	Rate Reduction Bond Operations (12-31-07)	Total
$ -	$ -	$ 44,247
-	31,832	143,218
-	-	37,851
-	-	16,290
-	-	2,199
1,696	-	1,696
-	-	3,789
1,696	31,832	249,290
2,576	305	391,016
-	-	37,540
-	-	16,592
-	-	19,372
2,576	305	464,520
(880)	31,527	(215,230)
2,852	1,677	11,007
(1,633)	(6,436)	(11,520)
154	1,752	2,951
1,373	(3,007)	2,438
493	28,520	(212,792)
12,462	-	12,462
1,252	-	284,337
-	-	(9,448)
14,207	28,520	74,559
83,282	(119,102)	574,392
$ 97,489	$ (90,582)	$ 648,951

Combining Statement of Cash Flows
Nonmajor Enterprise Funds

For the Fiscal Year Ended June 30, 2008
(Expressed in Thousands)

	Community/ Technical Colleges	Second Injury & Compensation Assurance	Bradley Parking Garage
Cash Flows from Operating Activities			
Receipts from Customers	$ 86,483	$ 44,247	$ 22,416
Payments to Suppliers	(74,308)	-	(6,051)
Payments to Employees	(299,260)	(8,335)	(1,983)
Other Receipts (Payments)	109,845	(33,487)	199
Net Cash Provided by (Used in) Operating Activities	(177,240)	2,425	14,581
Cash Flows from Noncapital Financing Activities			
Retirement of Bonds and Annuities Payable	-	-	(1,460)
Interest of Bonds	-	-	-
Transfers In	244,487	-	-
Transfers Out	-	-	(9,448)
Other Receipts (Payments)	7,008	-	(1,092)
Net Cash Flows from Noncapital Financing Activities	251,495	-	(12,000)
Cash Flows from Capital and Related Financing Activities			
Additions to Property, Plant and Equipment	(9,944)	-	-
Interest Paid on Capital Debt	-	-	(3,116)
Federal Grant	-	-	-
Transfer In	42,970	-	-
Other Receipts (Payments)	(101,508)	-	(20)
Net Cash Flows from Capital and Related Financing Activities	(68,482)	-	(3,136)
Cash Flows from Investing Activities			
Interest on Investments	4,163	2,377	568
(Increase) Decrease in Restricted Assets	-	-	-
Other Receipts (Payments)	-	-	-
Net Cash Flows from Investing Activities	4,163	2,377	568
Net Increase (Decrease) in Cash and Cash Equivalents	9,936	4,802	13
Cash and Cash Equivalents -Beginning of Year	78,416	56,764	82
Cash and Cash Equivalents -End of Year	$ 88,352	$ 61,566	$ 95
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities			
Operating Income (Loss)	$ (259,126)	$ 29	$ 13,220
Adjustments not Affecting Cash:			
Depreciation and Amortization	15,426	4	1,162
Other	(4,604)	-	-
Change in Assets and Liabilities:			
(Increase) Decrease in Receivables, Net	69,411	3,231	(837)
(Increase) Decrease in Inventories and Other Assets	366	18	(109)
Increase (Decrease) in Accounts Payables & Accrued Liabilities	1,287	(857)	1,145
Total Adjustments	81,886	2,396	1,361
Net Cash Provided by (Used In) Operating Activities	$ (177,240)	$ 2,425	$ 14,581

Drinking Water	Rate Reduction Bond Operations (12-31-07)	Totals
$ 4,256	$ 31,773	$ 189,175
-	-	(80,359)
(2,018)	(304)	(311,900)
(11,601)	-	64,956
(9,363)	31,469	(138,128)
(2,660)	(28,450)	(32,570)
(1,633)	(6,436)	(8,069)
1,088	-	245,575
-	-	(9,448)
(5,619)	-	297
(8,824)	(34,886)	195,785
-	-	(9,944)
-	-	(3,116)
14,084	-	14,084
-	-	42,970
-	-	(101,528)
14,084	-	(57,534)
2,630	1,676	11,414
(2,828)	-	(2,828)
5,771	-	5,771
5,573	1,676	14,357
1,470	(1,741)	14,480
-	5,414	140,676
$ 1,470	$ 3,673	$ 155,156
$ (880)	$ 31,527	$ (215,230)
-	-	16,592
-	-	(4,604)
(432)	(58)	71,315
(8,051)	-	(7,776)
-	-	1,575
(8,483)	(58)	77,102
$ (9,363)	$ 31,469	$ (138,128)

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Internal Service Funds

Correction Industries:
to account for the revenues and expenses associated with the sale of goods resulting from the industrial activities of the inmates at correctional institutions.

Administrative Services:
to account for the various services provided by the Department of Administrative Services to other agencies. For example, fleet operations, printing, etc.

Information Technology:
to account for the various services provided by the Department of Information Technology to other agencies. For example, information systems support, telecommunications, etc.

Combining Statement of Net Assets
Internal Service Funds

June 30, 2008
(Expressed in Thousands)

	Correction Industries	Information & Technology	Administrative Services	Total
Assets				
Current Assets:				
Cash and Cash Equivalents	$ 7,058	$ 9,791	$ -	$ 16,849
Receivables, Net of Allowances	28	699	106	833
Due From Other Funds	862	2,303	-	3,165
Inventories	3,477	15	271	3,763
Other Current Assets	77	-	-	77
Total Current Assets	11,502	12,808	377	24,687
Noncurrent Assets:				
Capital Assets, Net of Accumulated Depreciation	1,568	8,642	47,561	57,771
Other Noncurrent Assets	-	752	-	752
Total Noncurrent Assets	1,568	9,394	47,561	58,523
Total Assets	13,070	22,202	47,938	83,210
Current Liabilities:				
Accounts Payable and Accrued Liabilities	1,532	2,030	16,560	20,122
Due To Other Funds	-	-	65,925	65,925
Deferred Revenue	-	-	129	129
Compensated Absences-Current Portion	52	155	48	255
Total Current Liabilities	1,584	2,185	82,662	86,431
Noncurrent Liabilities:				
Noncurrent Portion of Long-Term Debt	-	1,118	-	1,118
Compensated Absences	732	2,568	851	4,151
Advances From Other Funds	4,650	-	-	4,650
Total Noncurrent Liabilities	5,382	3,686	851	9,919
Total Liabilities	6,966	5,871	83,513	96,350
Net Assets				
Invested in Capital Assets, Net of Related Debt	1,378	727	47,561	49,666
Unrestricted (Deficit)	4,726	15,604	(83,136)	(62,806)
Total Net Assets (Deficit)	$ 6,104	$ 16,331	$ (35,575)	$ (13,140)

Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Internal Service Funds

For The Fiscal Year Ended June 30, 2008
(Expressed in Thousands)

	Correction Industries	Information & Technology	Administrative Services	Total
Operating Revenues				
Charges for Sales and Services	$ 23,369	$ 35,900	$ 31,451	$ 90,720
Miscellaneous	170	-	-	170
Total Operating Revenues	23,539	35,900	31,451	90,890
Operating Expenses				
Salaries, Wages and Administrative	22,295	30,997	15,566	68,858
Depreciation and Amortization	505	3,905	15,651	20,061
Total Operating Expenses	22,800	34,902	31,217	88,919
Operating Income (Loss)	739	998	234	1,971
Nonoperating Revenue (Expenses)				
Investment Income	220	-	-	220
Interest Expense	-	(45)	-	(45)
Other Nonoperating Expense	(624)	(160)	-	(784)
Total Nonoperating Revenues (Expenses)	(404)	(205)	-	(609)
Change in Net Assets	335	793	234	1,362
Total Net Assets (Deficit) - Beginning	5,769	15,538	(35,809)	(14,502)
Total Net Assets (Deficit) - Ending	$ 6,104	$ 16,331	$ (35,575)	$ (13,140)

Combining Statement of Cash Flows
Internal Service Funds

For the Fiscal Year Ended June 30, 2008
(Expressed in Thousands)

	Correction Industries	Information Technology	Administrative Services	Totals
Cash Flows from Operating Activities				
Receipts from Customers	$ 23,403	$ 43,516	$ 31,664	$ 98,583
Payments to Suppliers	(18,142)	(22,979)	(2,677)	(43,798)
Payments to Employees	(3,893)	(16,512)	(8,228)	(28,633)
Other Receipts (Payments)	763	15	33	811
Net Cash Provided by (Used in) Operating Activities	2,131	4,040	20,792	26,963
Cash Flows from Capital and Related Financing Activities				
Additions to Property, Plant and Equipment	(156)	(3,729)	(20,792)	(24,677)
Other Receipts (Payments)	-	(205)	-	(205)
Net Cash Flows from Capital and Related Financing Activities	(156)	(3,934)	(20,792)	(24,882)
Cash Flows from Investing Activities				
Interest on Investments	220	-	-	220
Other Receipts (Payments)	(624)	-	-	(624)
Net Cash Flows from Investing Activities	(404)	-	-	(404)
Net Increase (Decrease) in Cash and Cash Equivalents	1,571	106	-	1,677
Cash and Cash Equivalents - Beginning of Year	5,487	9,685	-	15,172
Cash and Cash Equivalents - End of Year	$ 7,058	$ 9,791	$ -	$ 16,849
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities				
Operating Income (Loss)	$ 739	$ 998	$ 234	$ 1,971
Adjustments Not Affecting Cash:				
Depreciation	505	3,905	15,651	20,061
Change in Assets and Liabilities:				
(Increase) Decrease in Receivables, Ne	-	2,893	(13)	2,880
(Increase) Decrease in Due From Other Funds	34	4,723	226	4,983
(Increase) Decrease in Inventories and Other Current Assets	593	15	32	640
Increase (Decrease) in Accounts Payables & Accrued Liabilitie	260	(8,494)	4,662	(3,572)
Total Adjustments	1,392	3,042	20,558	24,992
Net Cash Provided by (Used In) Operating Activities	$ 2,131	$ 4,040	$ 20,792	$ 26,963

Pension and (Other Employee Benefit) Trust Funds

Pension Trust Funds:
See notes 11 and 12 for a description of the Pension Trust Funds.

Retired Teachers' Health Benefits Plan:
to account for resources used to provide health benefits to retired teachers and their beneficiaries. The plan is administered by the Teachers' Retirement Board.

Policemen, Firemen Survivors' Benefits Plan:
to account for resources used to provide benefits to the survivors of policemen and firemen. The plan is administered by the State Comptroller's Retirement Division.

State Employees' Health Benefits Plan:
To account for resources used to provide health benefits to retired State employees and their beneficiaries. The plan is administered by the State Comptroller's Retirement Division.

Combining Statement of Fiduciary Net Assets
Pension (and Other Employee Benefit) Trust Funds

June 30, 2008

(Expressed in Thousands)

	Pension Trust			
	State Employees	State Teachers	Judicial	Connecticut Municipal Employees
Assets				
Cash and Cash Equivalents	$ -	$ -	$ -	$ -
Receivables:				
Accounts, Net of Allowances	2,053	9,707	8	4,665
From Other Governments	-	4,521	-	-
From Other Funds	47	206	-	2
Interest	626	1,610	13	107
Investments	9,329,739	14,541,625	177,237	1,627,637
Securities Lending Collateral	1,083,988	1,676,926	23,908	219,645
Total Assets	10,416,453	16,234,595	201,166	1,852,056
Liabilities				
Accounts Payable and Accrued Liabilities	14	-	-	-
Securities Lending Obligation	1,083,988	1,676,926	23,908	219,645
Due to Other Funds	554	3,208	-	64
Total Liabilities	1,084,556	1,680,134	23,908	219,709
Net Assets				
Held in Trust For Employee Pension and Other Benefits	9,331,897	14,554,461	177,258	1,632,347
Total Net Assets	$ 9,331,897	$ 14,554,461	$ 177,258	$ 1,632,347

Pension Trust		Other Employee Benefits			
Probate Judges	Other	Retired Teacher Healthcare Plan	Policemen, Firemen, Survivors' Benefits	State Employee OPEB Plan	Total
$ -	$ 204	$ 59,206	$ 2	$ 10,000	$ 69,412
4	-	-	-	-	16,437
-	-	-	-	-	4,521
-	-	1,650	-	50	1,955
7	-	-	2	-	2,365
81,449	898	-	20,601	-	25,779,186
10,889	120	-	2,764	-	3,018,240
92,349	1,222	60,856	23,369	10,050	28,892,116
10	-	1,239	-	-	1,263
10,889	120	-	2,764	-	3,018,240
5	-	-	-	-	3,831
10,904	120	1,239	2,764	-	3,023,334
81,445	1,102	59,617	20,605	10,050	25,868,782
$ 81,445	$ 1,102	$ 59,617	$ 20,605	$ 10,050	$ 25,868,782

Combining Statement of Changes in Fiduciary Net Assets
Pension (and Other Employee Benefit) Trust Funds

For The Fiscal Year Ended June 30, 2008
(Expressed in Thousands)

	Pension Trust			
	State Employees	State Teachers	Judicial	Connecticut Municipal Employees
Additions				
Contributions:				
Plan Members	$ 67,390	$ 233,237	$ 1,626	$ 17,013
State	711,555	2,518,560	13,434	-
Municipalities	-	418	-	38,834
Total Contributions	778,945	2,752,215	15,060	55,847
Investment Income	(398,292)	(590,915)	(6,394)	(57,163)
Less: Investment Expenses	(77,493)	(114,808)	(1,241)	(11,357)
Net Investment Income	(475,785)	(705,723)	(7,635)	(68,520)
Transfers In	-	-	-	-
Other	-	901	2	-
Total Additions	303,160	2,047,393	7,427	(12,673)
Deductions				
Administrative Expense	558	-	11	-
Benefit Payments and Refunds	1,014,096	1,283,742	17,524	84,953
Other	-	-	-	-
Total Deductions	1,014,654	1,283,742	17,535	84,953
Changes in Net Assets	(711,494)	763,651	(10,108)	(97,626)
Net Assets Held in Trust For Pension and Other Employee Benefits				
Beginning of Year (as restated)	10,043,391	13,790,810	187,366	1,729,973
End of Year	$ 9,331,897	$ 14,554,461	$ 177,258	$ 1,632,347

Pension Trust		Other Employee Benefits			
Probate Judges	Other	Retired Teacher Healthcare Plan	Policemen, Firemen, Survivors 'Benefits	State Employee OPEB Plan	Total
$ 307	$ 38	$ 60,779	$ 391	$ -	$ 380,781
-	-	20,770	-	463,697	3,728,016
-	-	-	22	-	39,274
307	38	81,549	413	463,697	4,148,071
(2,981)	11	1,485	(470)	50	(1,054,669)
(579)	-	-	(91)	-	(205,569)
(3,560)	11	1,485	(561)	50	(1,260,238)
2,789	-	-	-	-	2,789
-	-	4,162	-	-	5,065
(464)	49	87,196	(148)	463,747	2,895,687
-	-	1,717	-	-	2,286
2,982	5	69,698	829	453,697	2,927,526
2,788	-	-	-	-	2,788
5,770	5	71,415	829	453,697	2,932,600
(6,234)	44	15,781	(977)	10,050	(36,913)
87,679	1,058	43,836	21,582	-	25,905,695
$ 81,445	$ 1,102	$ 59,617	$ 20,605	$ 10,050	$ 25,868,782

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Agency Funds

Insurance Companies' Securities:
To account for securities that are deposited with the Treasurer to be held for policyholders of insurance companies as a prerequisite to such companies transacting business with the State.

Combining Statement of Assets and Liabilities
Agency Funds
June 30, 2008
(Expressed in Thousands)

	Fringe Benefit Clearing	Receipts Pending Distribution	Insurance Companies' Securities	State Institution Activity	Other	Total
Assets						
Cash and Cash Equivalents	$ 29	$ -	$ -	$ 22,726	$ 89,899	$ 112,654
Receivables:						
Accounts, Net of Allowances	-	1,398	-	3,753	-	5,151
From Other Funds	4,795	-	-	-	-	4,795
Interest	-	-	-	20	101	121
Inventories	-	-	-	399	-	399
Other Assets	-	-	333,106	307	-	333,413
Total Assets	$ 4,824	$ 1,398	$ 333,106	$ 27,205	$ 90,000	$ 456,533
Liabilities						
Accounts Payable and Accrued Liabilities	$ -	$ 2,023	$ -	$ 1,069	$ 1,613	$ 4,705
Due To Other Funds	-	4,712	-	-	-	4,712
Funds Held for Others	4,824	(5,337)	333,106	26,136	88,387	447,116
Total Liabilities	$ 4,824	$ 1,398	$ 333,106	$ 27,205	$ 90,000	$ 456,533

Combining Statement of Changes in Assets and Liabilities
Agency Funds

For The Fiscal Year Ended June 30, 2008
(Expressed in Thousands)

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
Fringe Benefit Clearing				
Assets				
Cash and Cash Equivalents	$ 38	$ -	$ 9	$ 29
From Other Funds	4,442	4,795	4,442	4,795
Total Assets	$ 4,480	$ 4,795	$ 4,451	$ 4,824
Liabilities				
Funds Held for Others	$ 4,480	$ 4,795	$ 4,451	$ 4,824
Total Liabilities	$ 4,480	$ 4,795	$ 4,451	$ 4,824
Receipts Pending Distribution				
Assets				
Cash and Cash Equivalents	$ 16,907	$ -	$ 16,907	$ -
Accounts, Net of Allowances	492	1,398	492	1,398
Total Assets	$ 17,399	$ 1,398	$ 17,399	$ 1,398
Liabilities				
Accounts Payable and Accrued Liabilities	$ -	$ 2,023	$ -	$ 2,023
Due To Other Funds	-	4,712	-	4,712
Funds Held for Others	17,399	-	22,736	(5,337)
Total Liabilities	$ 17,399	$ 6,735	$ 22,736	$ 1,398
Insurance Companies Securities				
Assets				
Other Assets	$ 343,183	$ 333,106	$ 343,183	$ 333,106
Total Assets	$ 343,183	$ 333,106	$ 343,183	$ 333,106
Liabilities				
Funds Held for Others	$ 343,183	$ 333,106	$ 343,183	$ 333,106
Total Liabilities	$ 343,183	$ 333,106	$ 343,183	$ 333,106
State Institution Activity				
Assets				
Cash and Cash Equivalents	$ 20,068	$ 22,726	$ 20,068	$ 22,726
Accounts, Net of Allowances	3,311	3,753	3,311	3,753
Interest	40	20	40	20
Inventories	466	399	466	399
Other Assets	3	307	3	307
Total Assets	$ 23,888	$ 27,205	$ 23,888	$ 27,205
Liabilities				
Accounts Payable and Accrued Liabilities	$ 4,183	$ 1,069	$ 4,183	$ 1,069
Funds Held for Others	19,705	26,136	19,705	26,136
Total Liabilities	$ 23,888	$ 27,205	$ 23,888	$ 27,205

continues

Combining Statement of Changes in Assets and Liabilities *continued*
Agency Funds

For The Fiscal Year Ended June 30, 2008
(Expressed in Thousands)

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
Other				
Assets				
Cash and Cash Equivalents	$ 104,560	$ 89,899	$ 104,560	$ 89,899
Interest	343	101	343	101
Total Assets	$ 104,903	$ 90,000	$ 104,903	$ 90,000
Liabilities				
Accounts Payable and Accrued Liabilities	$ -	$ 1,613	$ -	$ 1,613
Funds Held for Others	104,903	90,000	106,516	88,387
Total Liabilities	$ 104,903	$ 91,613	$ 106,516	$ 90,000
Total - All Agency Funds				
Assets				
Cash and Cash Equivalents	$ 141,573	$ 112,625	$ 141,544	$ 112,654
Accounts, Net of Allowances	3,803	5,151	3,803	5,151
From Other Funds	4,442	4,795	4,442	4,795
Interest	383	121	383	121
Inventories	466	399	466	399
Other Assets	343,186	333,413	343,186	333,413
Total Assets	$ 493,853	$ 456,504	$ 493,824	$ 456,533
Liabilities				
Accounts Payable and Accrued Liabilities	$ 4,183	$ 4,705	$ 4,183	$ 4,705
Due To Other Funds	-	4,712	-	4,712
Funds Held for Others	489,670	454,037	496,591	447,116
Total Liabilities	$ 493,853	$ 463,454	$ 500,774	$ 456,533

Component Units

Connecticut Development Authority:
the Connecticut Development Authority is a public instrumentality and political subdivision of the State. The Authority was created to stimulate industrial and commercial development within the State through its Self-Sustaining Bond Program, its Umbrella Program and its Insurance Program.

Connecticut Resources Recovery Authority:
the Connecticut Resources Recovery Authority is a public instrumentality and political subdivision of the State. The Authority is responsible for implementing the State's solid waste management plan, which includes design, construction and operation of resources recovery facilities and the marketing of recovered products.

Connecticut Higher Education Supplemental Loan Authority:
the Connecticut Higher Education Supplementary Loan Authority is a public instrumentality and political subdivision of the State. The Authority was created to assist students, their parents and institutions of higher education to finance the cost of higher education through its bond funds.

Capital City Economic Development Authority:
the Capital City Economic Development Authority is a public instrumentality of the state. The authority was created in 1998 to use municipal and state financial resources for the purpose of building a variety of Hartford based projects ranging from facilities to accommodate the exhibition, hospitality and tourism industries to downtown residential housing.

Connecticut Innovations, Incorporated:
Connecticut Innovations is a public instrumentality and political subdivision of the State. It was established to stimulate and promote technological innovation and application of technology within Connecticut by providing financial technical assistance.

Combining Statement of Net Assets
Nonmajor Component Units

June 30, 2008

(Expressed in Thousands)

	Connecticut Development Authority	Connecticut Higher Education Supplemental Loan Authority	Connecticut Resources Recovery Authority	Connecticut Innovations, Incorporated
Assets				
Current Assets:				
Cash and Cash Equivalents	$ 56,829	$ 1,731	$ 106,104	$ 33,212
Investments	23	-	-	29,178
Receivables:				
Accounts, Net of Allowances	138	-	22,202	-
Loans, Net of Allowances	9,433	10,817	-	-
Interest Receivable	243	719	-	-
Due From Primary Government	12,800	-	-	-
Restricted Assets	-	44,376	37,409	-
Inventories	-	-	3,610	-
Other Current Assets	425	-	1,128	412
Total Current Assets	79,891	57,643	170,453	62,802
Noncurrent Assets:				
Investments	1,931	-	-	38,642
Accounts, Net of Allowances	6,825	-	-	-
Loans, Net of Allowances	28,071	97,374	-	-
Restricted Assets	11,030	12,300	37,281	-
Capital Assets, Net of Accumulated Depreciation	219	-	148,216	1,007
Other Noncurrent Assets	398	2,838	3,978	-
Total Noncurrent Assets	48,474	112,512	189,475	39,649
Total Assets	128,365	170,155	359,928	102,451
Liabilities				
Current Liabilities:				
Accounts Payable & Accrued Liabilities	2,698	925	25,479	793
Current Portion of Long-Term Obligations	3,880	6,292	15,128	-
Other Liabilities	826	-	-	10,358
Total Current Liabilities	7,404	7,217	40,607	11,151
Noncurrent Liabilities:				
Noncurrent Portion of Long-Term Obligations	22,836	149,882	69,849	-
Total Noncurrent Liabilities	22,836	149,882	69,849	-
Total Liabilities	30,240	157,099	110,456	11,151
Net Assets				
Invested in Capital Assets, Net of Related Debt	219	-	135,575	1,007
Restricted:				
Debt Service	11,030	-	6,151	-
Expendable Endowments	-	-	-	-
Nonexpendable Endowments	-	-	-	-
Other Purposes	-	-	39,725	-
Unrestricted	86,876	13,056	68,021	90,293
Total Net Assets	$ 98,125	$ 13,056	$ 249,472	$ 91,300

Capital City Economic Development Authority	UConn Foundation	Total
$ 5,094	$ 1,136	$ 204,106
-	351,894	381,095
510	6,291	29,141
-	-	20,250
-	-	962
-	-	12,800
-	-	81,785
100	-	3,710
244	-	2,209
5,948	359,321	736,058
-	-	40,573
-	19,339	26,164
-	-	125,445
11,426	893	72,930
266,650	5,182	421,274
1,355	1,211	9,780
279,431	26,625	696,166
285,379	385,946	1,432,224
2,411	6,757	39,063
2,037	210	27,547
-	-	11,184
4,448	6,967	77,794
99,893	9,834	352,294
99,893	9,834	352,294
104,341	16,801	430,088
165,830	(1,538)	301,093
-	-	17,181
-	109,978	109,978
-	249,762	249,762
11,426	-	51,151
3,782	10,943	272,971
$ 181,038	$ 369,145	$ 1,002,136

Combining Statement of Activities
Nonmajor Component Units

For The Fiscal Year Ended June 30, 2008
(Expressed in Thousands)

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Connecticut Development Authority	$ 9,222	$ 7,817	$ -	$ -
Connecticut Higher Education Supplemental Loan Authority	9,751	8,288	-	-
Connecticut Resources Recovery Authority	176,013	179,996	-	-
Connecticut Innovations, Incorporated	4,394	470	-	7,000
Capital City Economic Development Authority	31,759	15,573	7,900	780
UConn Foundation	45,557	9,144	-	-
Total Nonmajor Component Units	$ 276,696	$ 221,288	$ 7,900	$ 7,780
General Revenues:				
Investment Income (Loss)				
Contributions to Endowments				
Total General Revenues and Contributions				
Change in Net Assets				
Total Net Assets - Beginning				
Total Net Assets - Ending				

	Net (Expense) Revenue and Changes in Net Assets						
Connecticut Development Authority	**Connecticut Higher Education Supplemental Loan Authority**	**Connecticut Resources Recovery Authority**	**Connecticut Innovations, Incorporated**	**Capital City Economic Development Authority**	**UConn Foundation**	**Totals**
$ (1,405)	$ -	$ -	$ -	$ -	$ -	$ (1,405)
-	(1,463)	-	-	-	-	(1,463)
-	-	3,983	-	-	-	3,983
-	-	-	3,076	-	-	3,076
-	-	-	-	(7,506)	-	(7,506)
-	-	-	-	-	(36,413)	(36,413)
(1,405)	(1,463)	3,983	3,076	(7,506)	(36,413)	(39,728)
(8,026)	2,890	6,718	3,398	352	(12,503)	(7,171)
-	-	-	-	-	38,162	38,162
(8,026)	2,890	6,718	3,398	352	25,659	30,991
(9,431)	1,427	10,701	6,474	(7,154)	(10,754)	(8,737)
107,556	11,629	238,771	84,826	188,192	379,899	1,010,873
$ 98,125	$ 13,056	$ 249,472	$ 91,300	$ 181,038	$ 369,145	$ 1,002,136

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Statistical Section

This part of the State of Connecticut's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

FINANCIAL TRENDS INFORMATION

These schedules contain trend information to help the reader understand how the State's financial performance and well-being have changed over time.

Net Assets by Component	144
Changes in Net Assets	146
Fund Balances, Governmental Funds	148
Changes in Fund Balances, Governmental Funds	148

REVENUE CAPACITY INFORMATION

These schedules present revenue capacity information for the State's most significant revenue source, the personal income tax.

Personal Income by Industry	149
Personal Income Tax Rates	150
Personal Income Tax Filers and Liability by Income Level	150

DEBT CAPACITY INFORMATION

These schedules present information to assist the user in understanding and assessing a government's debt burden and its ability to issue additional debt.

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Ratios of Outstanding Debt by Type	152
Ratios of Net General Bonded Debt	152
Pledged-Revenue Coverage	154

DEMOGRAPHIC AND ECONOMIC INFORMATION

These schedules offer demographic and economic indicators to assist the reader in understanding the environment within which the State's financial activities take place and to help make comparisons over time and with other governments.

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Top Ten Employers	160

OPERATING INFORMATION

These schedules contain information about the State's operations and a resource to help the reader understand how the State's financial information relates to the activities it performs.

State Employees by Function	161
Operating Indicators by Function	162
Capital Asset Statistics by Function	164

Sources: Unless otherwise noted the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The State implemented GASB Statement 34 in 2002; schedules presenting government-wide information include information beginning that year.

Net Assets by Component

Last Seven Fiscal Years
(Expressed in Thousands)

	2002	2003	2004
Governmental Activities:			
Invested in Capital Assets, Net of Related Debt	$ 2,348,364	$ 2,622,372	$ 3,264,134
Restricted	1,231,415	1,233,992	1,686,089
Unrestricted	(8,196,738)	(9,203,348)	(10,390,481)
Total Governmental Activities Net Assets	$ (4,616,959)	$ (5,346,984)	$ (5,440,258)
Business-Type Activities:			
Invested in Capital Assets, Net of Related Debt	$ 1,847,526	$ 2,092,633	$ 2,209,541
Restricted	1,846,132	1,650,045	1,409,915
Unrestricted	106,375	132,394	40,461
Total Business-Type Activities Net Assets	$ 3,800,033	$ 3,875,072	$ 3,659,917
Primary Government:			
Invested in Capital Assets, Net of Related Debt	$ 4,195,890	$ 4,715,005	$ 5,473,675
Restricted	3,077,547	2,884,037	3,096,004
Unrestricted	(8,090,363)	(9,070,954)	(10,350,020)
Total Primary Government Net Assets	$ (816,926)	$ (1,471,912)	$ (1,780,341)

Notes: The State did not begin reporting government-wide statements until implementing GASB Statement 34 in fiscal year 2002. The governmental activities have a deficit in unrestricted net asset mainly because the State recognized in the Statement of Net Assets the following long-term obligations:

1. General obligation bonds which were issued to finance various grant programs of the State, such as school construction and municipal aid.
2. Other long-term obligations which the State has partially funded or not funded. For example, net pension obligation, compensated absences obligation, etc.

2005	2006	2007	2008
$ 3,294,888	$ 3,469,145	$ 4,269,038	$ 4,930,749
1,324,933	1,496,693	1,384,938	1,641,377
(10,010,444)	(10,041,840)	(10,497,613)	(13,460,055)
$ (5,390,623)	$ (5,076,002)	$ (4,843,637)	$ (6,887,929)
$ 2,314,139	$ 2,407,382	$ 2,455,118	$ 2,578,856
1,568,559	1,704,585	1,871,568	1,757,846
115,901	179,171	274,411	347,778
$ 3,998,599	$ 4,291,138	$ 4,601,097	$ 4,684,480
$ 5,609,027	$ 5,876,527	$ 6,724,156	$ 7,509,605
2,893,492	3,201,278	3,256,506	3,399,223
(9,894,543)	(9,862,669)	(10,223,202)	(13,112,277)
$ (1,392,024)	$ (784,864)	$ (242,540)	$ (2,203,449)

Changes in Net Assets

Last Seven Fiscal Years
(Expressed in Thousands)

	2002	2003	2004	2005	2006	2007	2008
Expenses							
Governmental Activities:							
Legislative	$ 80,212	$ 80,176	$ 89,532	$ 91,037	$ 96,622	$ 97,492	$ 111,910
General Government	1,339,982	1,145,613	1,100,700	1,288,231	1,352,908	1,731,215	1,737,917
Regulation and Protection	627,352	574,674	590,377	633,466	712,061	702,467	788,419
Conservation and Development	434,356	410,167	448,077	424,125	396,296	429,057	473,797
Health and Hospital	1,664,152	1,711,076	1,683,465	1,801,346	1,922,583	2,003,994	2,298,272
Transportation	1,366,108	941,257	1,153,888	1,183,961	1,090,504	1,150,770	1,482,250
Human Services	3,882,711	4,138,932	4,630,154	4,535,915	4,941,454	4,828,418	5,743,810
Education, Libraries, and Museums	3,000,315	3,090,630	3,174,305	3,408,288	3,888,711	4,008,903	4,749,284
Corrections	1,355,142	1,450,392	1,579,043	1,675,965	1,768,368	1,836,147	2,085,053
Judicial	538,368	555,791	546,163	649,666	654,894	694,442	806,309
Interest and Fiscal Charges	592,490	595,949	577,448	612,115	619,730	635,113	733,791
Total Governmental Activities Expenses	14,881,188	14,694,657	15,573,152	16,304,115	17,444,131	18,118,018	21,010,812
Business-Type Activities:							
Higher Education	1,869,875	1,977,886	-	-	-	-	-
University of Connecticut and Health Center	-	-	1,254,402	1,386,327	1,464,055	1,519,026	1,626,532
State Universities	-	-	469,712	506,993	536,026	571,006	610,851
Bradley International Airport	50,455	54,323	59,338	61,559	62,625	67,244	67,635
CT Lottery Corporation	672,118	643,214	656,716	691,163	709,591	698,628	731,851
Employment Security	736,261	963,201	811,483	580,549	572,602	585,803	631,935
Second Injury and Compensation Assurance	61,235	-	-	-	-	-	-
Clean Water	30,903	29,435	24,759	27,740	26,076	30,183	27,181
Other	19,186	72,633	361,367	405,423	419,074	432,129	476,040
Total Business-Type Activities Expenses	3,440,033	3,740,692	3,637,777	3,659,754	3,790,049	3,904,019	4,172,025
Total Primary Government Expenses	$ 18,321,221	$ 18,435,349	$ 19,210,929	$ 19,963,869	$ 21,234,180	$ 22,022,037	$ 25,182,837
Program Revenues							
Governmental Activities:							
Charges for Services, Fees, Fines, and Forfeiture	$ 942,871	$ 1,072,932	$ 1,253,672	$ 1,316,668	$ 1,379,061	$ 1,317,480	$ 1,447,573
Operating Grants and Contributions	3,320,099	3,489,213	3,850,132	3,809,577	4,034,673	3,974,468	4,271,504
Capital Grants and Contributions	509,112	562,613	543,805	335,256	541,875	411,516	442,310
Total Governmental Activities Program Revenues	4,772,082	5,124,758	5,647,609	5,461,501	5,955,609	5,703,464	6,161,387
Business-Type Activities:							
Charges for Services, Fees, Fines, and Forfeiture	2,409,648	2,594,766	2,935,955	2,863,023	2,900,105	2,919,722	2,999,934
Operating Grants and Contributions	447,706	456,239	227,674	262,015	277,357	296,851	322,936
Capital Grants and Contributions	37,837	10,195	9,339	86,684	80,082	13,735	35,922
Total Business-Type Activities Program Revenues	2,895,191	3,061,200	3,172,968	3,211,722	3,257,544	3,230,308	3,358,792
Total Primary Government Program Revenues	$ 7,667,273	$ 8,185,958	$ 8,820,577	$ 8,673,223	$ 9,213,153	$ 8,933,772	$ 9,520,179
Net (Expense)/Revenue							
Governmental Activities	$ (10,109,106)	$ (9,569,899)	$ (9,925,543)	$ (10,842,614)	$ (11,488,522)	$ (12,414,554)	$ (14,849,425)
Business-Type Activities	(544,842)	(679,492)	(464,809)	(448,032)	(532,505)	(673,711)	(813,233)
Total Primary Government Net Expense	$ (10,653,948)	$ (10,249,391)	$ (10,390,352)	$ (11,290,646)	$ (12,021,027)	$ (13,088,265)	$ (15,662,658)

	2002	2003	2004	2005	2006	2007	2008
General Revenues and Other Changes in Net Assets							
Governmental Activities:							
Taxes:							
Personal Income	$ 3,680,434	$ 3,593,080	$ 4,392,403	$ 4,983,163	$ 5,625,882	$ 6,270,806	$ 6,588,233
Corporate Income	197,245	390,012	473,505	538,834	655,607	831,688	548,539
Sales and Use	2,933,268	2,938,341	3,061,423	3,278,902	3,382,118	3,509,164	3,537,911
Other	948,369	1,208,083	1,274,149	1,487,321	1,608,235	1,513,855	1,544,801
Restricted for Transportation Purposes:							
Motor Fuel	424,037	450,696	470,001	482,476	515,013	609,427	487,568
Other	109,272	64,524	70,411	69,720	68,418	67,888	192,663
Casino Gaming Payments	368,954	387,255	402,733	417,838	427,527	430,476	411,411
Tobacco Settlement	139,968	137,915	116,578	118,321	108,619	113,691	141,348
Unrestricted Investment Earnings	84,684	54,741	18,350	69,332	104,911	165,472	131,915
Other	-	15,855	-	-	-	-	-
Special Items:							
Statutory Payment from Component Units	-	100,000	17,500	15,000	-	-	-
Other	-	127,256	(174,760)	(165,412)	-	-	-
Transfers-Internal Activities	(657,037)	(640,268)	(417,062)	(692,499)	(711,657)	(865,548)	(779,256)
Total Governmental Activities	8,229,194	8,827,490	9,705,231	10,602,996	11,784,673	12,646,919	12,805,133
Business-Type Activities							
Unrestricted Investment Earnings	89,388	111,336	90,486	93,879	113,387	129,317	117,360
Special Items:							
Loss on Disposal of Capital Assets	(4,499)	-	(4,190)	-	-	-	-
Other	-	(2,455)	-	-	-	-	-
Extraordinary Item-Loss on Early Retirement o	-	(4,010)	(1,983)	-	-	-	-
Transfers-Internal Activities	657,037	640,268	417,062	498,499	711,657	865,548	779,256
Total Business-Type Activities	741,926	745,139	501,375	592,378	825,044	994,865	896,616
Total Primary Government	$ 8,971,120	$ 9,572,629	$ 10,206,606	$ 11,195,374	$ 12,609,717	$ 13,641,784	$ 13,701,749
Changes in Net Assets							
Governmental Activities	$ (1,879,912)	$ (742,409)	$ (220,312)	$ (239,618)	$ 296,151	$ 232,365	$ (2,044,292)
Business-Type Activities	197,084	65,647	36,566	144,346	292,539	321,154	83,383
Total Primary Government	$ (1,682,828)	$ (676,762)	$ (183,746)	$ (95,272)	$ 588,690	$ 553,519	$ (1,960,909)
Other Changes in Net Assets							
Governmental Activities:							
Prior-Year Adjustments	$ -	$ 12,384	$ 100,104	$ 289,253	$ 18,470	$ -	$ -
Fund Reclassification	-	-	26,934	-	-	-	-
Total Governmental Activities	-	12,384	127,038	289,253	18,470	-	-
Business-Type Activities:							
Prior-Year Adjustments	-	9,392	(9,750)	-	-	11,195	-
Fund Reclassification	-	-	(241,971)	-	-	-	-
Change in Reporting Period	-	-	-	194,336	-	-	-
Total Business-Type Activities	-	9,392	(251,721)	194,336	-	11,195	-
Total Primary Government	$ -	$ 21,776	$ (124,683)	$ 483,589	$ 18,470	$ 11,195	$ -

Notes: The State did not begin reporting government-wide statements until it implemented GASB Statement 34 in fiscal year 2002.
In January 2003 there was an increase in the personal income tax rate of one half percent.
In fiscal year 2004 the Higher Education line was reclassified to display more details about these activities.
Other changes in net assets are direct adjustments to the beginning balance of net assets (See Note 21).

Fund Balances, Governmental Funds

Last Seven Fiscal Years
(Expressed in Thousands)

	2002	2003	2004	2005	2006	2007	2008
General Fund							
Reserved	$ 509,096	$ 440,819	$ 720,581	$ 1,434,544	$ 1,917,260	$ 2,326,082	$ 2,052,521
Unreserved	(944,022)	(842,318)	(900,171)	(1,037,651)	(1,058,714)	(994,314)	(1,149,231)
Total General Fund	$ (434,926)	$ (401,499)	$ (179,590)	$ 396,893	$ 858,546	$ 1,331,768	$ 903,290
All Other Governmental Funds							
Reserved	$ 1,209,556	$ 1,177,121	$ 1,296,214	$ 1,250,708	$ 1,323,595	$ 1,374,180	$ 1,711,007
Unreserved							
Transportation Fund	178,620	125,330	119,203	123,209	128,762	189,630	160,745
Special Revenue Funds	595,158	443,507	512,106	535,689	533,857	539,357	502,679
Capital Projects Funds	(90,862)	146,984	221,849	168,105	264,513	(171,645)	(156,937)
Total All Other Governmental Funds	$ 1,892,472	$ 1,892,942	$ 2,149,372	$ 2,077,711	$ 2,250,727	$ 1,931,522	$ 2,217,494

Note: Due to changes in the State's fund structure initiated when GASB 34 was implemented, the changes in fund balance information is available beginning in FY 2002.

Changes in Fund Balances, Governmental Funds

Last Seven Fiscal Years
(Expressed in Thousands)

	2002	2003	2004	2005	2006	2007	2008
Revenues							
Taxes	$ 8,278,340	$ 8,727,502	$ 9,742,801	$ 10,830,226	$ 11,836,809	$ 12,742,807	$ 13,014,886
Assessments		-	25,827	17,968	21,555	22,841	21,457
Licenses, Permits and Fees	551,369	524,998	515,049	530,148	536,468	531,636	550,025
Tobacco Settlement	139,968	137,915	116,578	118,321	108,619	113,691	141,347
Federal Grants and Aid	3,837,393	4,028,640	4,383,498	4,117,007	4,578,381	4,405,160	4,717,846
Charges for Services	61,047	92,922	98,225	95,683	108,797	101,270	100,143
Fines, Forfeits and Rents	71,039	99,909	138,619	189,525	107,115	37,183	73,444
Casino Gaming Payments	368,954	387,255	402,733	417,838	427,527	430,476	411,410
Investment Earnings	78,074	50,959	27,531	69,342	102,694	165,902	132,490
Miscellaneous	292,742	363,471	456,841	470,567	593,629	658,074	693,292
Total Revenues	13,678,926	14,413,571	15,907,702	16,856,625	18,421,594	19,209,040	19,856,340
Expenditures							
Legislative	76,595	77,307	84,272	86,006	91,733	97,383	104,160
General Government	1,326,900	1,115,263	1,056,469	1,167,476	1,305,571	1,722,376	1,626,024
Regulation and Protection	607,074	558,710	559,219	602,472	686,747	699,927	735,875
Conservation and Development	428,254	402,655	432,590	407,547	384,063	428,251	442,519
Health and Hospital	1,652,838	1,686,699	1,642,797	1,761,561	1,889,242	1,990,506	2,154,248
Transportation	576,857	537,797	527,326	573,035	648,628	1,010,056	1,190,650
Human Services	3,866,970	4,089,089	4,538,769	4,454,092	4,877,611	4,791,635	5,390,379
Education, Libraries, and Museums	2,981,859	3,042,345	3,091,136	3,324,865	3,813,549	3,982,868	6,307,070
Corrections	1,334,427	1,422,713	1,525,804	1,621,273	1,723,591	1,829,048	1,949,342
Judicial	532,774	546,154	532,784	627,602	648,274	692,392	754,223
Capital Projects	1,030,628	871,029	780,194	707,023	671,124	304,964	341,148
Debt Service:					-		
Principal	824,825	904,658	965,313	1,051,308	1,102,770	1,231,376	1,153,553
Interest	599,795	613,181	647,797	644,563	670,385	709,740	810,297
Total Expenditures	15,839,796	15,867,600	16,384,470	17,028,823	18,513,288	19,490,522	22,959,488
Revenues Over (Under) Expenditures	(2,160,870)	(1,454,029)	(476,768)	(172,198)	(91,694)	(281,482)	(3,103,148)
Other Financing Sources (Uses) and Special Items							
Bonds Issued	1,621,001	1,804,145	1,395,545	1,278,110	1,362,145	1,253,345	3,688,623
Premiums on Bonds Issued	131,016	124,606	269,058	93,014	55,244	86,759	69,779
Transfers In	1,105,265	1,282,163	1,679,858	1,034,799	1,036,654	1,097,874	1,211,444
Transfers Out	(1,763,439)	(1,796,544)	(2,098,625)	(1,729,854)	(1,750,539)	(1,965,914)	(1,993,489)
Refunding Bonds Issued	1,121,670	745,669	1,961,040	447,013	61,020	527,730	231,085
Payment to Refunded Bond Escrow Agent	(1,204,925)	(776,597)	(2,146,469)	(484,379)	(65,473)	(561,269)	(241,560)
Capital Lease Obligations	6,989	1,077	-	27,628	-	117	437
Special Items:							-
Transfer of Loans to Component Unit	-	-	(204,117)	-	-	-	-
Statutory Payment from Component Units	-	100,000	17,500	15,000	-	-	-
Other	-	-	29,357	-	-	-	-
Total Other Financing Sources (Uses) and Special Items	1,017,577	1,484,519	903,147	681,331	699,051	438,642	2,966,319
Net Change in Fund Balances	$ (1,143,293)	$ 30,490	$ 426,379	$ 509,133	$ 607,357	$ 157,160	$ (136,829)
Debt Service as a Percentage of Noncapital Expenditures	9.54%	10.24%	10.28%	10.34%	10.01%	10.48%	8.90%

Note: Due to changes in the State's fund structure initiated when GASB 34 was implemented, the changes in fund balance information is available beginning in FY 2002.

Personal Income by Industry

Last Seven Calendar Years
(Expressed in Thousands)

	2002	2003	2004	2005	2006	2007	2008
Farm Earnings	$ 169,384	$ 163,186	$ 181,512	$ 179,546	$ 132,701	$ 135,635	$ 131,000
Agricultural Services, Forestry, Fishing	53,215	47,990	45,653	43,390	48,463	47,947	46,000
Mining	132,885	142,415	183,161	210,433	239,725	241,968	307,000
Construction	5,949,891	5,883,794	6,702,149	7,221,766	8,279,075	8,318,690	7,948,000
Durable Goods	11,755,698	11,794,810	12,388,008	12,909,198	13,269,852	13,710,583	13,940,000
Nondurable Goods	5,085,994	5,093,473	5,360,660	5,495,647	5,718,664	5,626,388	5,683,000
Wholesale Trade	5,420,568	5,515,096	5,819,416	6,199,684	6,637,800	6,869,412	7,098,000
Retail Trade	7,295,378	7,349,016	7,533,969	7,696,592	7,938,639	8,061,698	8,133,000
Transportation and Public Utilities	3,063,712	3,323,358	3,639,012	3,664,577	2,631,548	2,837,925	2,651,000
Services	59,658,975	59,358,363	65,546,050	69,407,977	72,920,312	77,525,040	79,338,000
Federal, Civilian	1,555,257	1,556,662	1,685,192	1,651,650	1,731,848	1,760,774	1,784,000
Military	684,388	785,349	842,406	882,223	932,364	921,195	982,000
State and Local	11,714,486	11,852,667	12,467,586	13,126,266	13,846,143	15,044,395	15,756,000
Other[1]	34,457,608	36,109,211	36,501,189	38,118,358	43,670,025	51,468,018	54,536,000
Total Personal Income	$ 146,997,439	$ 148,975,390	$ 158,895,963	$ 166,807,307	$ 177,997,159	$ 192,569,668	$ 198,333,000
Average Effective Rate[2]	2.50%	2.48%	2.97%	3.17%	3.34%	3.46%	3.45%

Notes: Fiscal year 2008 amounts are based on third quarter estimates.

[1]Includes dividends, interest, rental income, residence adjustments, government transfers to individuals, and deductions for insurance.

[2]Total direct rate for personal income is not available. Average effective rate equals fiscal year net tax collections divided by prior-year total personal income.

Sources: U. S. Bureau of Economic Analysis and Department of Revenue Services

Personal Income Tax Rates

Last Seven Calendar Years
(Expressed in Thousands)

Year	Top Rate	Top Income Tax Rates is Applied to Taxable Income in Excess of: Single/ Married Filing Separate	Married Filing Jointly	Head of Household	Average Effective Rate
2002	4.50%	$ 10,000	$ 20,000	16,000	2.50%
2003	5.00%	10,000	20,000	16,000	2.48%
2004	5.00%	10,000	20,000	16,000	2.97%
2005	5.00%	10,000	20,000	16,000	3.17%
2006	5.00%	10,000	20,000	16,000	3.34%
2007	5.00%	10,000	20,000	16,000	3.46%
2008	5.00%	10,000	20,000	16,000	3.45%

Notes: Taxable income equal to or less than amounts listed above is taxed at a rate of 3%.
Average effective rate equals fiscal year net tax collections divided by prior-year total personal income.
Sources: U. S. Bureau of Economic Analysis and Department of Revenue Services

Personal Income Tax Filers and Liability by Income Level,

Calendar Years 2002 and 2007
(Expressed in Thousands)

Income Level	Calendar Year 2002 Number of Filers	Calendar Year 2002 Percentage of Total	Calendar Year 2002 Personal Income Tax Liability	Calendar Year 2002 Percentage of Total	Calendar Year 2007 Number of Filers	Calendar Year 2007 Percentage of Total	Calendar Year 2007 Personal Income Tax Liability	Calendar Year 2007 Percentage of Total
$50,000 and under	810,902	58.1%	$ 216,127,745	7.6%	811,965	53.6%	$ 354,701,019	5.1%
$50,001 -$100,000	373,002	26.7%	765,850,088	26.8%	391,252	25.8%	1,144,834,938	16.5%
$100,001-$200,000	152,952	11.0%	746,506,146	26.1%	216,846	14.3%	1,378,683,663	19.9%
$200,001-$500,000	43,707	3.1%	452,609,898	15.8%	68,050	4.5%	971,731,870	14.0%
$500,001-$2,000,000	12,202	0.9%	330,851,853	11.6%	22,076	1.5%	968,858,227	14.0%
$2,000,000 and up	1,971	0.2%	347,553,185	12.2%	5,258	0.3%	2,115,938,960	30.5%
Total	1,394,736	100.0%	$ 2,859,498,915	100.0%	1,515,447	100.0%	$ 6,934,748,677	100.0%

Note: Due to confidentiality issues, the names of the ten largest tax payers are not available.
The categories presented are intended to provide alternative information regarding the sources of the State's tax revenue. Calendar Year 2007 is the most recent year for which the data is available.
Source: Department of Revenue Services

Legal Debt Margin Information

Last Six Fiscal Years
(Expressed in Thousands)

	2003	2004	2005	2006	2007	2008
Estimated General Fund Tax Receipts	$ 8,147,500	$ 8,624,000	$ 9,441,100	$ 10,455,400	$ 11,250,700	$ 12,453,200
Statutory Multiplier	1.6	1.6	1.6	1.6	1.6	1.6
Statutory Debt Limit for Debt Incurred	13,036,000	13,798,400	15,105,760	16,728,640	18,001,120	19,925,120
Less: Authorized Bonds, Notes, and Other Obligations Subject to Certain Limitations	11,724,239	12,233,029	12,486,174	12,938,435	13,481,602	14,266,573
Legal Debt Margin	$ 1,311,761	$ 1,565,371	$ 2,619,586	$ 3,790,205	$ 4,519,518	$ 5,658,547
Legal Debt Margin as a percentage of the debt limit	10.06%	11.34%	17.34%	22.66%	25.11%	28.40%
Date Calculation was made	11/1/02	12/16/03	1/1/05	12/16/05	2/1/07	2/1/08

Source: State of Connecticut General Obligation Bonds Offering Statement

Ratios of Outstanding Debt by Type

Last Six Fiscal Years
(Expressed in Thousands)

	2003	2004	2005
Governmental Activities			
General Obligation Bonds	$ 9,216,354	$ 9,606,611	$ 9,905,242
Transportation Obligation Bonds	3,205,815	3,153,949	3,113,875
Economic Recovery Notes	219,235	273,215	209,560
Capital Leases	67,988	53,761	76,955
Total Governmental Activities	12,709,392	13,087,536	13,305,632
Business-Type Activities			
Revenue Bonds	1,555,161	1,713,805	1,619,658
Total Business-Type Activities	1,555,161	1,713,805	1,619,658
Total Primary Government	$ 14,264,553	$ 14,801,341	$ 14,925,290
Debt as a Percentage of Personal Income	9.58%	9.32%	8.95%
Amount of Debt Per Capita	4,092	4,230	4,252

Notes: Details regarding the State's debt can be found in Note 18 of the financial statements.
In 2002 the State began issuing government-wide statements in accordance with GASB Statement 34.

Ratios of Net General Bonded Debt Outstanding

Last Six Fiscal Years
(Expressed in Thousands)

	2003	2004	2005
General Obligation Bonds	$ 9,216,354	$ 9,606,611	$ 9,905,242
Transportation Obligation Bonds	3,205,815	3,153,949	3,113,875
Debt Service Fund Balance	(622,083)	(635,679)	(677,555)
Net General Obligation Bonded Debt	$ 11,800,086	$ 12,124,881	$ 12,341,562
Net General Obligation Debt as a Percentage of Personal Income	7.92%	7.63%	7.40%
Amount of Net GO Debt Per Capita	3,385	3,465	3,516

Notes: Details regarding the State's debt can be found in Note 18 of the financial statements.
In 2002 the State began issuing government-wide statements in accordance with GASB Statement 34.

2006	2007	2008
$ 10,211,493	$ 10,596,581	$ 13,092,570
3,094,001	2,822,585	2,790,682
146,090	-	-
60,491	56,244	51,748
13,512,075	13,475,410	15,935,000
1,523,130	1,577,723	1,358,084
1,523,130	1,577,723	1,358,084
$ 15,035,205	$ 15,053,133	$ 17,293,084
8.45%	7.82%	8.72%
4,290	4,357	5,077

2006	2007	2008
$ 10,211,493	$ 10,596,581	$ 13,092,570
3,094,001	2,822,585	2,790,682
(674,630)	(676,894)	(683,636)
$ 12,630,864	$ 12,742,272	$ 15,199,616
7.10%	6.62%	7.66%
3,604	3,688	4,463

Pledged-Revenue Coverage

Last Ten Fiscal Years
(Expressed in Thousands)

	1999	2000	2001	2002	2003
University of Connecticut and Health Center[2]					
Gross Revenues	$ -	$ -	$ -	$ -	$ -
Operating Expenses	-	-	-	-	-
Net Available Revenues	$ -	$ -	$ -	$ -	$ -
Debt Service:					
Principal	$ -	$ -	$ -	$ -	$ -
Interest	-	-	-	-	-
Total	$ -	$ -	$ -	$ -	$ -
Coverage	-	-	-	-	-
State Universities[2]					
Gross Revenues	$ -	$ -	$ -	$ -	$ -
Operating Expenses	-	-	-	-	-
Net Available Revenues	$ -	$ -	$ -	$ -	$ -
Debt Service:					
Principal	$ -	$ -	$ -	$ -	$ -
Interest	-	-	-	-	-
Total	$ -	$ -	$ -	$ -	$ -
Coverage	-	-	-	-	-
Bradley International Airport					
Gross Revenues	$ 48,133	$ 55,888	$ 53,364	$ 54,712	$ 56,286
Operating Expenses	21,242	21,815	24,688	27,838	31,254
Net Available Revenues	$ 26,891	$ 34,073	$ 28,676	$ 26,874	$ 25,032
Debt Service:					
Principal	$ 3,240	$ 3,480	$ 6,785	$ 3,860	$ 5,775
Interest	6,268	6,084	8,291	11,609	10,156
Total	$ 9,508	$ 9,564	$ 15,076	$ 15,469	$ 15,931
Coverage	2.83	3.56	1.90	1.74	1.57
Clean Water					
Gross Revenues	$ 47,744	$ 48,285	$ 57,219	$ 48,471	$ 50,566
Operating Expenses	1,019	1,133	1,320	986	804
Net Available Revenues	$ 46,725	$ 47,152	$ 55,899	$ 47,485	$ 49,762
Debt Service:					
Principal	$ 96,230	$ 22,630	$ 24,915	$ 31,040	$ 27,050
Interest	24,378	29,607	28,179	29,917	28,631
Total	$ 120,608	$ 52,237	$ 53,094	$ 60,957	$ 55,681
Coverage	0.39	0.90	1.05	0.78	0.89
Second Injury & Compensation Assurance[1]					
Gross Revenues	$ 160,270	$ 86,946	$ 106,629	$ 112,608	$ 96,107
Operating Expenses	143,291	66,843	62,375	50,654	48,100
Net Available Revenues	$ 16,979	$ 20,103	$ 44,254	$ 61,954	$ 48,007
Debt Service:					
Principal	$ 4,880	$ 30,100	$ 136,630	$ 50,830	$ 42,890
Interest	8,469	10,646	12,642	10,581	7,455
Total	$ 13,349	$ 40,746	$ 149,272	$ 61,411	$ 50,345
Coverage	1.27	0.49	0.30	1.01	0.95

2004	2005	2006	2007	2008
$ 1,311,797	$ 1,408,197	$ 1,476,058	$ 1,578,763	$ 1,577,646
1,154,520	1,270,111	1,327,713	1,388,753	1,482,749
$ 157,277	$ 138,086	$ 148,345	$ 190,010	$ 94,897
$ 50,810	$ 57,660	$ 61,964	$ 69,921	$ 74,846
10,198	11,158	13,032	15,901	15,897
$ 61,008	$ 68,818	$ 74,996	$ 85,822	$ 90,743
2.58	2.01	1.98	2.21	1.05
$ 526,083	$ 529,180	$ 549,800	$ 580,879	$ 631,477
432,163	464,940	496,923	529,744	568,197
$ 93,920	$ 64,240	$ 52,877	$ 51,135	$ 63,280
$ 68,312	$ 63,673	$ 16,294	$ 79,813	$ 18,669
-	-	-	-	-
$ 68,312	$ 63,673	$ 16,294	$ 79,813	$ 18,669
1.37	1.01	3.25	0.64	3.39
$ 54,862	$ 60,618	$ 60,740	$ 63,314	$ 64,576
29,464	32,649	33,871	38,636	39,692
$ 25,398	$ 27,969	$ 26,869	$ 24,678	$ 24,884
$ 6,140	$ 8,780	$ 10,140	$ 8,430	$ 9,410
13,397	11,357	11,151	10,684	10,257
$ 19,537	$ 20,137	$ 21,291	$ 19,114	$ 19,667
1.30	1.39	1.26	1.29	1.27
$ 37,338	$ 47,439	$ 54,295	$ 55,955	$ 50,557
604	755	856	747	564
$ 36,734	$ 46,684	$ 53,439	$ 55,208	$ 49,993
$ 36,723	$ 38,207	$ 34,386	$ 62,192	$ 42,520
24,155	26,985	25,220	29,436	22,048
$ 60,878	$ 65,192	$ 59,606	$ 91,628	$ 64,568
0.60	0.72	0.90	0.60	0.77
$ 99,687	$ 96,918	$ -	$ -	$ -
44,793	55,821	-	-	-
$ 54,894	$ 41,097	$ -	$ -	$ -
$ 56,875	$ 54,255	$ -	$ -	$ -
5,274	2,454	-	-	-
$ 62,149	$ 56,709	$ -	$ -	$ -
0.88	0.72	-	-	-

Pledged-Revenue Coverage

Last Ten Fiscal Years
(Expressed in Thousands)

	1998	1999	2000	2001	2002
Bradley Parking Garage[1]					
Gross Revenues	$ -	$ -	$ -	$ -	$ 17,498
Operating Expenses	-	-	-	-	11,691
Net Available Revenues	$ -	$ -	$ -	$ -	$ 5,807
Debt Service:					
Principal	$ -	$ -	$ -	$ -	$ -
Interest	-	-	-	-	3,575
Total	$ -	$ -	$ -	$ -	$ 3,575
Coverage	-	-	-	-	1.62
Drinking Water[1]					
Gross Revenues	$ -	$ -	$ -	$ 13,637	$ 9,366
Operating Expenses	-	-	-	1,189	1,541
Net Available Revenues	$ -	$ -	$ -	$ 12,448	$ 7,825
Debt Service:					
Principal	$ -	$ -	$ -	$ -	$ -
Interest	-	-	-	115	1,375
Total	$ -	$ -	$ -	$ 115	$ 1,375
Coverage	-	-	-	108.24	5.69
Rate Reduction Bonds[1]					
Gross Revenues	$ -	$ -	$ -	$ -	$ -
Operating Expenses	-	-	-	-	-
Net Available Revenues	$ -	$ -	$ -	$ -	$ -
Debt Service:					
Principal	$ -	$ -	$ -	$ -	$ -
Interest	-	-	-	-	-
Total	$ -	$ -	$ -	$ -	$ -
Coverage	-	-	-	-	-

Notes: Gross revenues include nonoperating revenue. Operating expenses include nonoperating expenses and exclude depreciation and interest expenses. Revenues for Higher Education funds include transfers in. Revenues for Clean Water and Drinking Water bonds include federal grants.

[1] Second Injury bonds were liquidated in fiscal year 2005. Bradley Parking Garage bonds were issued in fiscal year 2000. These bonds were reported as part of Bradley International Airport for fiscal years 2000 and 2001. Drinking Water Bonds were issued in fiscal year 2001 and Rate Reduction Bonds were issued in fiscal year 2005.

[2] Starting in fiscal year 2004, the University of Connecticut and Health Center, the State Universities, and the Technical/ Community Colleges funds were reported as separate Enterprise funds. In prior years, these funds were reported in the Higher Education fund, an Enterprise fund.

2003	2004	2005	2006	2007	2008
$ 20,474	$ 22,068	$ 23,351	$ 24,651	$ 23,168	$ 22,984
9,169	7,077	7,971	10,467	8,522	8,968
$ 11,305	$ 14,991	$ 15,380	$ 14,184	$ 14,646	$ 14,016
$ -	$ -	$ 1,885	$ 2,040	$ 2,210	$ 1,460
3,582	3,582	3,518	3,099	3,558	3,451
$ 3,582	$ 3,582	$ 5,403	$ 5,139	$ 5,768	$ 4,911
3.16	4.19	2.85	2.76	2.54	2.85
$ 18,888	$ 9,205	$ 5,963	$ 10,187	$ 4,067	$ 4,702
1,946	1,508	1,743	3,391	2,570	2,576
$ 16,942	$ 7,697	$ 4,220	$ 6,796	$ 1,497	$ 2,126
$ -	$ 1,332	$ 1,513	$ 1,839	$ 3,209	$ 2,660
1,375	1,906	2,130	2,067	2,081	1,633
$ 1,375	$ 3,238	$ 3,643	$ 3,906	$ 5,290	$ 4,293
12.32	2.38	1.16	1.74	0.28	0.50
$ -	$ -	$ 23,075	$ 44,376	$ 32,417	$ 35,261
-	-	150	320	310	305
$ -	$ -	$ 22,925	$ 44,056	$ 32,107	$ 34,956
$ -	$ -	$ 12,605	$ 26,145	$ 27,155	$ 28,450
-	-	7,428	9,029	7,733	6,436
$ -	$ -	$ 20,033	$ 35,174	$ 34,888	$ 34,886
-	-	1.14	1.25	0.92	1.00

Demographic and Economic Statistics
Population and Per Capita Personal Income

Last Ten Calendar Years
(Expressed in Thousands)

	Population			
Year	United States	% Growth From Previous Year	Connecticut	% Growth From Previous Year
1999	279,040	1.15%	3,386	0.6%
2000	282,193	1.13%	3,412	0.8%
2001	285,108	1.03%	3,432	0.6%
2002	287,985	1.01%	3,458	0.8%
2003	290,850	0.99%	3,486	0.8%
2004	293,657	0.97%	3,499	0.4%
2005	296,410	0.94%	3,510	0.3%
2006	298,217	0.61%	3,505	-0.1%
2007	301,140	0.98%	3,455	-1.4%
2008	301,600	0.15%	3,406	-1.4%

Notes: Personal Income for 2008 is based on third quarter estimates.
The Connecticut Population for 2006 is estimated.

Sources: U.S. Census Bureau, U.S. Bureau of Economic Analysis
U.S. Population-https://www.cia.gov/library/publications/the-world-factbook/print/us.html

Demographic and Economic Statistics
Employment Information

Last Ten Calendar Years
(Expressed in Thousands)

	United States Labor Force			
Year	Civilian Labor force	Employed	Unemployed	Unemployment Rate
1999	139,368	133,488	5,880	4.2%
2000	142,583	136,891	5,692	4.0%
2001	143,734	136,933	6,801	4.7%
2002	144,863	136,485	8,378	5.8%
2003	146,510	137,736	8,774	6.0%
2004	147,401	139,252	8,149	5.5%
2005	149,321	141,730	7,591	5.1%
2006	151,428	144,427	7,001	4.6%
2007	153,283	146,140	7,143	4.7%
2008	154,390	145,891	8,499	5.5%

Sources: U.S. Department of Labor

Personal Income		Per Capita Personal Income		
United States	Connecticut	United States	Connecticut	% Above the United States
$ 7,796,137,000	$ 129,807,075	$ 27,939	$ 38,336	37.2%
$ 8,422,074,000	$ 141,570,257	$ 29,845	$ 41,492	39.0%
$ 8,716,992,000	$ 147,355,655	$ 30,574	$ 42,936	40.4%
$ 8,872,871,000	$ 146,997,439	$ 30,810	$ 42,509	38.0%
$ 9,150,908,000	$ 148,975,390	$ 31,463	$ 42,735	35.8%
$ 9,717,173,000	$ 158,895,963	$ 33,090	$ 45,412	37.2%
$ 10,224,761,000	$ 166,807,307	$ 34,495	$ 47,523	37.8%
$ 11,180,604,000	$ 177,997,159	$ 37,492	$ 50,784	35.5%
$ 11,867,043,000	$ 192,569,668	$ 39,407	$ 55,737	41.4%
$ 12,002,122,000	$ 198,333,000	$ 39,795	$ 58,230	46.3%

Connecticut Labor Force

Civilian Labor force	Employed	Unemployed	Unemployment Rate
1,767	1,718	49	2.7%
1,785	1,743	42	2.3%
1,775	1,705	70	3.9%
1,802	1,712	90	5.0%
1,797	1,699	98	5.5%
1,793	1,711	82	4.6%
1,801	1,709	92	5.1%
1,835	1,760	75	4.1%
1,876	1,795	81	4.3%
1,886	1,785	102	5.4%

Demographic and Economic Statistics

Top Ten Employers

Current Year and Ten Years Ago

	2008			1999		
NAME	Employees in CT	Percentage of State Employment	Rank	Employees in CT	Percentage of State Employment	Rank
United Technologies Corp.	26,490	1.5%	1	13,000	0.8%	2
Stop & Shop Cos., Inc.	13,574	0.8%	2	15,123	0.9%	1
Hartford Financial Services	13,000	0.7%	3	10,856	0.6%	5
Yale University	12,163	0.7%	4	10,368	0.6%	6
Foxwoods Resort Casino	12,000	0.7%	5	11,436	0.7%	3
Mohegan Sun Casino	10,000	0.6%	6	5,500	0.3%	18
Wal-Mart Stores, Inc.	9,204	0.5%	7	-	0.0%	-
General Dynamics Electric Boat	7,400	0.4%	8	7,275	0.4%	11
Aetna Inc.	7,300	0.4%	9	5,900	0.4%	16
AT&T Connecticut	7,000	0.4%	10	9,600	0.6%	7
Total	118,131	6.7%		89,058	5.3%	

Sources: Hartford Business Journal - June 23, 2008

State Employees by Function

Last Four Fiscal Years

	2005	2006	2007	2008
Primary Government				
Legislative	665	668	695	701
General Government	3,645	3,654	3,783	3,897
Regulation and Protection	4,196	4,258	4,324	4,384
Conservation and Development	1,296	1,302	1,306	1,356
Health and Hospital	7,668	7,774	7,841	7,984
Transportation	3,053	3,131	3,198	3,256
Human Services	1,847	1,891	1,969	2,046
Education, Libraries, and Museums	18,874	19,375	19,619	20,219
Corrections	9,738	9,797	9,927	10,116
Judicial	4,297	4,381	4,457	4,628
Total Number of Employees - Primary Government	55,279	56,231	57,119	58,587

Note: This information was not available prior to 2005. The number of employees excludes job classes such as contractors, intermittent, durational, seasonal, trainee, temporary and part-time employment.

Operating Indicators by Function

Last Six Fiscal Years

	2002	2003	2004	2005	2006	2007
Legislative Management						
Office of Legislative Management						
Number of Public and Special Acts	259	310	267	319	206	256
Number of Amendments Drafted	2,840	2,359	2,614	2,102	2,040	2,977
General Government						
Office of the State Treasurer						
Percentage of Disbursements made Electronically	30.2%	43.4%	51.5%	56.7%	56.2%	64.2%
Number of Unclaimed Property Claims Paid	12,665	13,368	11,938	11,985	22,732	20,930
Department of Revenue Services						
Percentage of Income Tax Returns Filed Electronically	n/a	n/a	45.0%	54.0%	67.0%	70.2%
Revenue Collected per $1 of Agency Expense	$156	$163	$191	$202	$202	$207
Department of Public Works						
Number of Construction Contracts Awarded	22	17	25	27	34	28
State Floor Space Owned and Leased	9,843,368	9,456,479	8,882,469	8,656,234	8,621,174	8,713,211
Regulation and Protection						
Department of Public Safety						
Number of Background Checks - Firearms	18,786	34,816	40,508	38,672	35,159	64,766
Number of Fingerprint Checks for CT/Pd's	129,538	121,849	118,717	107,056	122,193	258,111
Department of Motor Vehicles						
Number of Registered Motor Vehicles	2,900,000	2,950,000	3,020,000	3,078,000	3,040,000	3,015,867
Number of Licensed Drivers	2,300,000	2,430,000	2,300,000	2,460,000	2,400,000	2,848,602
Department of Labor						
Number of Initial Unemployment Claims	297,205	282,736	248,109	222,770	222,553	215,404
Number of Persons Using Employment Service (1)	57,198	49,183	54,915	61,103	116,100	140,922
Conservation and Development						
Department of Environmental Protection						
Nitrogen Discharged into Long Island Sound (2)	12,500	12,100	11,607	11,208	10,940	10,558
Attained Goal of Open Space (3)	72.0%	75.2%	77.4%	77.6%	77.8%	78.0%
Department of Agriculture						
Number of Farmers Participating in Farmers Market	119	140	175	180	220	280
Health and Hospitals						
Department of Public Health						
Number of Tuberculosis Cases Identified	121	112	111	105	105	108
Number of Licenses Applications - New	11,883	11,141	11,592	12,914	12,750	15,439
Number of Licenses Applications - Renewal	139,297	143,777	145,985	136,069	133,887	140,973
Department of Developmental Services						
Number of Qualified Providers	143	136	132	127	161	184
Number of Persons Served in Various Programs	19,921	20,399	20,148	19,997	20,256	15,148
Human Services						
Department of Social Services						
Number of Medicaid Eligible Clients	354,944	385,518	393,998	403,972	399,635	392,179
Temp Family Assistance Average Caseload	26,234	24,404	24,658	24,104	22,556	21,124
Child Care Number of Children Served	32,400	26,974	19,799	18,920	21,440	22,523
Education						
Department of Higher Education						
Number of Degrees Conferred - Statewide	30,498	32,499	33,659	34,582	35,694	36,045

Operating Indicators by Function

Last Six Fiscal Years

	2002	2003	2004	2005	2006	2007
Enrollment - Statewide	169,739	170,597	172,631	174,257	176,542	178,855
Transportation						
Department of Transportation						
Active Construction Projects	122	212	190	181	159	175
Miles of Road Resurfaced	319	310	362	305	191	218
Estimated Number of Persons Using Roadways	4,081,000,000	4,118,000,000	4,154,000,000	4,191,000,000	4,228,000,000	4,265,000,000
Corrections						
Department of Corrections						
Incarcerated Population	18,295	19,271	18,837	18,390	18,352	18,970
Direct Daily Inmate Expenditures	$74	$73	$76	$81	$84	$86
Judicial						
Judicial Branch						
Number of Superior Court Cases Filed	567,696	535,158	536,501	517,836	542,655	547,354
Average Number of Supervised Probationers	52,320	54,315	57,516	56,145	58,117	57,597

(1) The department of Labor assists individuals in job search, resume preparation, etc.
(2) Average annual number of tons
(3) Percentage of accomplished State goal to acquire 320,957 acres of open space

n/a = statistic not available at time of publication

Capital Asset Statistics by Function

Last Six Fiscal Years

		2003	2004	2005	2006	2007	2008
Legislative	**Total**	**169,205**	**169,586**	**170,236**	**169,165**	**168,585**	**170,185**
Buildings		156,802	156,802	156,802	156,802	156,802	158,449
Equipment		12,403	12,784	13,434	12,363	11,783	11,736
General Government	**Total**	**1,061,936**	**915,339**	**649,856**	**750,105**	**940,122**	**1,060,383**
Land		108,157	106,097	142,117	152,290	156,894	158,454
Construction in Progress		460,271	336,502	136,592	113,739	330,272	386,317
Buildings		251,678	312,970	172,778	271,169	201,892	206,930
Improvements Other than Buildings		4,947	17,369	48,740	51,319	51,319	51,319
Equipment		236,883	142,401	149,629	161,588	199,745	257,363
Regulation and Protection	**Total**	**398,591**	**404,200**	**404,080**	**407,636**	**393,026**	**392,819**
Land		9,971	9,971	9,971	9,971	9,930	9,980
Buildings		182,904	189,603	192,720	192,720	210,729	201,412
Improvements Other than Buildings		13,036	13,402	15,620	15,608	16,107	26,580
Equipment		192,680	191,224	185,769	189,337	156,260	154,847
Conservation and Development	**Total**	**496,022**	**510,811**	**396,141**	**406,522**	**441,614**	**460,286**
Land		304,832	314,487	186,985	189,754	221,438	233,759
Buildings		90,516	92,128	101,792	104,456	106,053	107,762
Improvements Other than Buildings		55,122	58,716	60,629	61,522	62,957	63,699
Equipment		45,552	45,480	46,735	50,790	51,166	55,066
Health and Hospital	**Total**	**262,379**	**264,505**	**280,546**	**291,535**	**301,903**	**291,844**
Land		6,833	7,624	7,653	7,587	7,587	6,892
Buildings		205,623	203,328	222,456	233,343	234,072	224,808
Improvements Other than Buildings		15,884	15,328	15,133	16,922	1,713	16,767
Equipment		34,039	38,225	35,304	33,683	43,231	43,377
Transportation	**Total**	**11,997,362**	**12,646,864**	**13,446,989**	**13,845,896**	**14,333,229**	**14,890,656**
Land		416,209	473,967	893,160	902,133	925,204	960,528
Construction in Progress		1,276,607	1,335,433	1,244,525	1,544,958	1,629,903	1,649,455
Buildings		356,873	478,750	507,662	438,355	467,737	478,372
Improvements Other than Buildings		156,036	230,308	280,065	246,032	246,088	246,243
Equipment		574,229	586,292	592,481	636,398	620,978	688,675
Infrastructure		9,217,408	9,542,114	9,929,096	10,078,020	10,443,319	10,867,383
Human Services	**Total**	**18,811**	**18,018**	**15,149**	**13,705**	**11,478**	**13,807**
Equipment		18,811	18,018	15,149	13,705	11,478	13,807
Education, Libraries, and Museum	**Total**	**387,002**	**376,740**	**404,412**	**425,930**	**458,586**	**517,232**
Land		43,935	1,027	1,027	1,027	1,027	1,027
Buildings		222,395	222,395	245,279	263,280	294,811	350,948
Improvements Other than Buildings		8,060	8,060	8,060	8,060	8,060	8,079
Equipment		112,612	145,258	150,046	153,563	154,688	157,178
Corrections	**Total**	**944,305**	**947,479**	**1,052,584**	**940,306**	**1,059,023**	**964,442**
Land		10,351	10,319	11,388	20,388	20,388	19,351
Buildings		816,261	823,300	916,294	809,175	812,869	721,522
Improvements Other than Buildings		56,500	57,080	59,275	48,581	51,331	48,863
Equipment		61,193	56,780	65,627	62,162	174,435	174,706
Judicial	**Total**	**334,250**	**358,862**	**359,114**	**384,345**	**389,968**	**394,221**
Land		11,467	11,467	11,467	11,467	11,616	11,616
Buildings		256,163	277,774	277,774	299,165	303,080	303,080
Improvements Other than Buildings		1,805	1,805	1,805	1,755	1,755	1,755
Equipment		64,815	67,816	68,068	71,958	73,517	77,770
Total Capital Assets at Historical Cost		**16,069,863**	**16,612,404**	**17,179,107**	**17,635,145**	**18,497,534**	**19,155,875**
Total Accumulated Depreciation		**(6,537,926)**	**(6,993,537)**	**(7,538,788)**	**(7,880,552)**	**(8,545,550)**	**(9,110,409)**
Governmental Activities, Capital Assets, Net		**9,531,937**	**9,618,867**	**9,640,319**	**9,754,593**	**9,951,984**	**10,045,466**

Note: The State implemented GASB statement 34 for fiscal year 2002. However, the information for FY 2002 is not available.

Office of the State Comptroller Organization

Nancy Wyman
State Comptroller

Mark E. Ojakian
Deputy Comptroller

FISCAL POLICY DIVISION
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Director

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